

DATE 2/27/09	SUSPENSE	ENGINEER J. Warnell	LOGGED IN 2/27/09	TYPE WFX	APP NO. DKAAD905855636
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2009 FEB 27 PM 12:39

**NEW MEXICO OIL CONSERVATION DIVISION**

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



Beach Exploration  
1903

Eddy, Co.

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

WFX-851

notice  
2-27-09

**[1] TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD

Artesia

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

1000 PSI  
Queen formation

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☒ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

13 existing well Phase I  
5 additional Phase II

- [D] Other: Specify \_\_\_\_\_

**[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
 [B] ☒ Offset Operators, Leaseholders or Surface Owner  
 [C] ☒ Application is One Which Requires Published Legal Notice  
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F] ☐ Waivers are Attached

Eastland Queen Unit Waterflood Project.

Phase I only!

A-12833

**[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

**[4] CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce  
 P.O. Box 1056  
 Santa Fe, New Mexico 87504

Signature

Attorney for Applicant

Title

Date

jamesbruce@aol.com  
 e-mail Address

2/27/09

WFX-751  
WFX-855

*James Bruce*

Uden?

NOTICE

To whom it may concern: Beach Exploration, Inc. has filed an application with the New Mexico Oil Conservation Division seeking reinstatement of its authority to inject produced and fresh water into 18 wells in the Eastland Queen Unit, covering parts of Sections 1, 2, and 11, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. Water will be injected into the Queen formation within portions of the Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool and East Turkey Track Queen Pool, with expected maximum injection rates of 200 BWPD and maximum injection pressures of 1250 psi. If you object to the application you must file a written request for hearing with the Division within 15 days of the date this notice is published. The Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Failure to object will preclude you from contesting this matter at a later date. The name and address of the contact party for applicant is Jack Rose, Beach Exploration, Inc., Suite 200, 800 North Marienfeld, Midland, Texas 79701, phone number (432) 683-6226. The Eastland Queen Unit is centered approximately 10 miles south-southwest of Loco Hills, New Mexico.

/

New address

IPI

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING THE:**

**APPLICATION OF BEACH EXPLORATION, INC. FOR STATUTORY  
UNITIZATION, EDDY COUNTY, NEW MEXICO**

**CASE NO. 13972**

**APPLICATION OF BEACH EXPLORATION, INC. FOR APPROVAL OF A  
WATERFLOOD PROJECT AND TO QUALIFY THE PROJECT AREA FOR  
THE RECOVERED OIL TAX RATE, EDDY COUNTY, NEW MEXICO**

**CASE NO. 13973**

**ORDER NO. R-12833**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

These cases came on for hearing at 8:15 a.m. on October 12, 2007, at Santa Fe, New Mexico before Examiners William V Jones and David K. Brooks.

NOW, on this 25<sup>th</sup> day of October, 2007, the Division Director, having considered the testimony, the record and the recommendations of the Examiners,

**FINDS THAT:**

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) In Case No. 13972, Beach Exploration, Inc. ("Beach" or "applicant"), seeks the statutory unitization, pursuant to the Statutory Unitization Act, Sections 70-7-1 through 70-7-21, NMSA 1978, of 1040.1 acres, more or less, being portions of the Turkey Track-Seven Rivers- Queen-Grayburg-San Andres Pool (61020) and the East Turkey Track-Queen Pool (60920), in Eddy County, New Mexico, to be known as the Eastland Queen Unit, (the "Unit Area"). The applicant further seeks approval of the Unit Agreement and the Unit Operating Agreement; which were submitted in evidence as applicant's Exhibits No. 2 and 3, in this case.

(3) In Case No. 13973, Beach seeks approval of a waterflood project for the

injection of water into the Queen formation within portions of the Turkey Track-Seven Rivers-Queen-Grayburg-San Andres Pool and the East Turkey Track-Queen Pool, initially through conversion to injection of thirteen existing wells in Phase I, then conversion to injection of up to five additional wells as needed, said 18 proposed injection wells are shown on Exhibit "A" attached to this order. Beach also seeks to qualify the proposed project as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (NMSA 1978 Sections 7-29A-1 through 7-29A-5, as amended).

(4) Cases No. 13972 and 13973 were consolidated at the hearing for the purpose of testimony. Because the cases involve the same property and subject matter, a single order is being issued for both cases.

(5) The proposed Unit Area consists solely of State of New Mexico leases on lands specifically described as follows:

Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico

Section 1: N/2, W/2 SW/4, NE/4 SW/4, NW/4 SE/4  
Section 2: SE/4 NE/4, SE/4 SW/4, SE/4  
Section 11: N/2

(6) The proposed vertical extent of the Unitized Formation is that interval underlying the Unit Area extending from 100 feet above the top of the Queen Sand and 100 feet below the base of the Queen Sand, said Queen Sand interval occurring between 2335 feet and 2408 feet as shown by Schlumberger's Compensated Neutron/Litho-Density open hole log dated 6/18/87, in the Eastland Oil Company PJ State "A" Well No. 5, located 2310 feet from the South line and 2310 feet from the East line of Section 1, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(7) The proposed Unit Area lies wholly within the horizontal extent of the Turkey Track-Seven Rivers-Queen-Grayburg-San Andres Pool discovered in 1943, with the exception of that portion of the Unit Area in the S/2 of Section 1, which lands are contained within the East Turkey Track-Queen Pool. All Turkey Track pools, because of low productivity, were included in Commission Order No. R-199, issued November 13, 1952, which did not change well spacing or density but granted exemptions from Gas Oil Ratio ("GOR") reporting requirements and from any GOR based production limitations.

(8) Devon Energy Production Company, L.P. ("Devon"), Myco Industries, Inc. ("Myco"), and Snow Oil & Gas, Inc. ("Snow"), entered appearances in each of these cases. Devon and Myco appeared at the hearing and withdrew any opposition previously stated. Snow presented a statement at the end of the hearing expressing a concern about the effect of injection on its offsetting producing wells and gathered additional information at the hearing.

(9) Beach presented land, geology, and engineering testimony as follows:

(a) Approximately one year ago, Beach purchased some of Eastland Oil Company's ("Eastland") interests in this area. Eastland has agreed to participate with the remainder of its interests. Beach has been in negotiations with Myco since December of 2005 and with Devon since February of 2007. In May of 2007, Beach had a meeting of owners within the proposed unit.

(b) The proposed unit area contains five separate tracts owned by seven different working interest owners and ten royalty or overriding royalty owners. Each tract internally has identical ownership within the proposed Unitized Formation. Eastland is the Division's operator of record of four of these tracts and Myco operates the other tract. Beach now has controlling interests in four of the five total tracts or 880.1 acres of the 1040.1 total acres.

(c) All owners of interests within the proposed unit were notified of this application and of this hearing.

(d) Beach provided notice within the ½ mile area of review ("AOR") surrounding all proposed injection wells as required in Division Rule 701B.(2) to all affected parties of its intent to inject into the proposed unitized formation.

(e) At the date of this hearing, Beach still seeks to unitize interests owned by Myco, Devon, and Sharbro Oil Ltd, although verbal agreements with these parties had been reached.

(f) The New Mexico State Land Office ("SLO"), in August of 2007, granted Beach preliminary approval for unitization.

(g) As of the date of the hearing, the owners of 83.64% of the working interest and 73.36% of the royalty interest (not counting any SLO percentage) had balloted to support the unit.

(h) Beach is proposing a 200% non-participation penalty after the 100% cost recovery, to apply to parties unitized by order who do not elect to participate in subsequent operations.

(i) Within the unit area, the Queen formation trends northeast to southwest and dips to the southeast as shown on top-of-Queen structure maps. The upper Queen Sand formation's "Shattuck" member is being targeted for injection and is contiguous over the unit.

(j) The Shattuck member of the Queen formation is a well-sorted, shoreline sandstone that usually produces oil and gas at porosities above 15 percent. The Shattuck consists of alternating low permeability silts and higher permeability sands with grain size governing the ability to produce. Above and below the Shattuck are lower porosity, tighter anhydritic dolomites which form vertical barriers to injection water.

(k) The unit as proposed is horizontally bounded by a stratigraphic pinchout as shown on isopach maps, except in Section 11 where it seems to thin and transition into another more prolific reservoir pod located to the southwest. Beach mentioned that operators of production from the Queen formation southwest of its proposed unit should be free to drill the necessary wells and form a separate unit for purposes of waterflooding.

(l) From geologic studies performed over this area, the unit area is well suited for secondary recovery operations and all tracts within the unit area should contribute to secondary oil and gas production.

(m) Several wells are producing from the middle Queen and the Seven Rivers formations in addition to the Shattuck within this proposed unit. The value of oil and gas from these non-Shattuck intervals is insignificant compared to the value of secondary oil from the Shattuck member. Beach did say that ownership is identical - prior to formation of the unit - between formations in these wells.

(n) Eight wells produce from the Seven Rivers within the unit area and five of these are slated to become injection wells. Beach is prepared to squeeze off the Seven Rivers and plug back from the middle Queen as needed. There are producing wells outside the unit area completed in both the Shattuck and other formations.

(o) The proposed tract participation formula will be in effect during all future secondary recovery operations, and the formula best allocates unitized substances to the owners on a fair, reasonable and equitable basis. The formula is listed in Section 12 of the unit agreement and consists of only "ultimate primary recovery." Ultimate primary is being used due to the fact that this area has been uniformly drilled. The calculation of each tract's ultimate primary recovery is shown in Exhibit "C" of the Unit Agreement.

(p) Due to the tighter nature of this reservoir, the waterflood project will be initiated with thirteen peripherally placed injection wells to get water in the ground as soon as possible and to contain oil reserves within the sweet spot of the unit. As the project progresses, an additional 5 wells (phase II) will be converted to injectors as they are needed. Beach is asking for Division approval at this time to inject into all eighteen (Phase I and Phase II) wells.

(q) The production within the unit area is at an advanced state of depletion with wells averaging about 1 barrel of oil per day. Cumulative production is approximately 659,000 barrels of oil and remaining primary reserves is estimated at approximately 75,000 barrels of oil. The producing gas oil ratio has almost always been near 1,000. Primary recovery is estimated to be approximately 12.8 percent of the original oil in place.

(r) The estimated total capital costs associated with initiating the project is 2.5 million dollars.

(s) The Shattuck member of the upper Queen formation is also the primary target in several other waterfloods such as Webb Oil Company's Turkey Track Section 3 Unit located directly west and northwest of the proposed unit.

(t) Based on available reservoir parameters and on analogy with other Shattuck waterfloods and using a 1:1 secondary to primary recovery ratio, the projected secondary recovery from the waterflood project is estimated to be approximately 734,000 barrels of oil, with estimated net revenue of 38 million dollars.

(u) Each of the proposed injection wells is expected to initially take an average of 100 to 200 barrels of injection water per day. Additional makeup water will be initially needed, and other produced water sources do not exist in this area. Beach has a permit for two fresh water wells in this area that should supply all needed makeup water, until the reservoir reaches fillup. The fresh water will be treated with oxygen scavenger prior to injection.

(v) Due to the tighter nature of the Queen formation, injection wells are initially expected to require pressured injection operations. Based on analogy of other Queen injection projects, Beach is asking for an initial surface maximum injection pressure of 1250 psi – which is higher than the normally allowed 0.2 psi per foot gradient. In lieu of this, Beach is willing to quickly run step rate tests to verify formation fracturing pressures and apply for an increased maximum surface injection pressure. Due to the lenticular nature of this reservoir and the presence of streaks of higher permeabilities, Beach will be careful to remain below fracturing pressure while attempting to reach reservoir fillup as soon as possible.

(w) The fresh water interval in this area occurs at depths of up to 230 feet deep. Wells in this unit area have surface casing and cement across any fresh water. Primary cement normally only extended to within 50 feet of surface which was above any fresh water. Subsequent cement was normally pumped or placed behind surface casing, from ground level down to this primary cement top.

(x) There are 25 active and 12 plugged and abandoned wells, drilled to this depth, within the Areas of Review.

(y) The proposed injection operation will not pose a threat to protectible underground sources of drinking water.

**The Division Concludes That:**

(10) Beach already has over 75 percent of the working interest committed and after final approval by the New Mexico State Land Office Beach will have over 75 percent of the royalty interest committed to this proposed unit.

(11) The proposed Unit Agreement and Unit Operating Agreement, Exhibits 2 and 3 respectively, should be incorporated by reference into this order.

(12) Beach has made a good faith effort to secure voluntary unitization within the unit area.

(13) The participation formula contained in the proposed unit agreement allocates costs and revenue to the separately owned tracts in the unit area on a fair, reasonable, and equitable basis.

(14) The proposed unit agreement and unit operating agreement prescribe a plan for unit operation necessary in order to efficiently manage the Queen reservoir within the bounds of this proposed unit.

(15) Statutory unitization and adoption of applicant's proposed unitized method of operation is necessary to effectively carry on secondary recovery operations, to substantially increase the ultimate recovery of oil and gas from the unit area, will benefit the working interest and royalty interest owners within the proposed unit area, and will prevent waste and protect correlative rights of all parties.

(16) Beach Exploration, Inc. is in compliance with the Division's Rule 40 and should be approved as the operator of the proposed Eastland Queen Unit.

(17) The proposed Eastland Queen Unit should be approved for statutory unitization conditional on final approval by the State Land Office.

(18) The applicant proposes to institute a "waterflood project" within the Eastland Queen Unit area. The Queen reservoir has been depleted to "stripper" status by primary operations and it is prudent to apply waterflood operations to extend the life of the reservoir and to maximize the ultimate recovery of crude oil from this reservoir.

(19) The following three plugged wells should be re-entered and re-plugged as specified below in order to ensure high pressure injection is confined to the intended Shattuck Queen interval and prevented from entering other formations or the Salado (Salt) formation.

State B-7717 #1 (30-015-03544), 1980 FSL, 660 FEL, (Unit I) Sec 2, T19S, R29E

Re-enter to 2750 feet and re-plug to surface by perforating, squeezing, placing cement plugs above the Queen (2200 feet), the Seven Rivers (1620 feet), and the base of the Salt (1080 feet). From there place cement plugs across the base of the 8-5/8 casing (425 feet) and at surface.

Leonard State #3 (30-015-03580), 330 FNL, 2310 FWL, (Unit C) Sec 12, T19S, R29E

Re-enter to approximately 2578 feet and re-plug the open hole with verified plugs placed above the Queen (2300 feet), the Seven Rivers (1750 feet), and below the Salt (1187 feet), across the 7-5/8 casing shoe (375 feet), across the top of the 7-5/8 casing (130 feet), and at surface.



Elliot #1 (30-015-04554), 330 FSL, 330 FWL, (Unit M) Sec 31, T18S, R30E

Re-enter to approximately 2450 feet and re-plug the open hole with verified plugs placed above the Queen (2415 feet), the Seven Rivers (1750 feet), and below the Salt (1168 feet), across the 8-5/8 casing shoe (355 feet), across the top of the 8-5/8 casing (160 feet), and at surface.

(20) Beach reported that three producing wells and five injection wells contain completions in both the Shattuck and in the Seven Rivers formations. In addition, there are producing intervals lower than the Shattuck within the proposed unit. However, the bulk of the remaining value in these wells within the unit is secondary oil to be obtained from waterflooding the Shattuck member of the Queen formation. Prior to unitization, interests within the tracts are identical and the majority of the owners of those interests have agreed to unitize the Shattuck and use the existing wells as part of the Shattuck waterflood. After unitization, interests between the Shattuck and other producing intervals will no longer be identical. The unit injection and producing wells should be utilized only on the Shattuck waterflood in order to maximize recovery from the waterflood and to ensure protection of correlative rights.

(21) It is necessary to equip all injection wells in a manner to confine injection to only the Shattuck and provide means to measure mechanical integrity. Within all injection wells, existing perforations below the Shattuck should be plugged off with bridge plugs and cement. In addition in all injection wells, any open perforations above the Shattuck [i.e. Seven Rivers] should be squeezed with cement, drilled out and pressure tested.

(22) All producing wells within this unit should be dedicated only to the Shattuck production during the life of this waterflood. Remaining reserves from any other intervals should be isolated behind pipe with bridge plugs and/or squeeze cementing operations.

(23) The "project area" should comprise the entire area approved for statutory unitization as described in this order.

(24) The proposed waterflood within the project area is feasible and will, with reasonable probability, result in the recovery of substantially more oil and gas than would otherwise be recovered.

(25) The estimated additional costs of the proposed waterflood operations will not exceed the estimated value of the additional oil and gas recovered plus a reasonable profit.

(26) The proposed waterflood project will prevent waste, protect correlative rights, and should be approved.

(27) The project should be governed by Division Rules No. 701 through 708. The eighteen listed wells in the attached Exhibit "A" should be initially approved for

conversion and use as injection wells in the two phases as proposed. The permit to inject should terminate within one year for each of the Phase I wells, if that well is not converted to injection. To prevent premature conversion of the wells listed in Phase II prior to the need for these wells, each of these Phase II wells should be allowed up to five years before the individual well permits expire. Provisions should be made for the operator of the Eastland Queen Unit to apply administratively for additional or different injection wells as needed.

(28) In order to reach fillup of this Shattuck Queen reservoir as soon as possible, but also prevent fracturing and damage of this formation, Beach should be allowed an initial maximum surface injection pressure of 1000 psi to apply to each injection well. Additional injection pressure increases should be approved only after a proper showing that such increase would not fracture the formation and after notice is provided by the operator to offsetting operators of producing wells within the Shattuck formation.

1000 psi

(29) The evidence establishes that the proposed waterflood project meets all the criteria for certification by the Division as a qualified "Enhanced Oil Recovery (EOR) Project" pursuant to the "Enhanced Oil Recovery Act" (NMSA 1978 Sections 7-29A-1 through 7-29A-5).

(30) To be eligible for the EOR credit, the operator should advise the Division when water injection commences in the project area and at such time request the Division review project performance and recommend certification of the project to the New Mexico Taxation and Revenue Department.

(31) The project area within the waterflood project and/or the producing wells within such area eligible for the recovered oil tax rate may be contracted and reduced dependent upon the evidence presented by the applicant in its demonstration of the occurrence of a positive production response.

**IT IS THEREFORE ORDERED:**

(1) The application of Beach Exploration, Inc., ("Beach") for the statutory unitization of 1040.1 acres, more or less, being portions of the Turkey Track-Seven Rivers-Queen-Grayburg-San Andres Pool (61020) and the East Turkey Track-Queen Pool (60920), in Eddy County, New Mexico, to be known as the Eastland Queen Unit (the "Unit Area"), is hereby approved for statutory unitization pursuant to the Statutory Unitization Act, Sections 70-7-1 through 70-7-21, NMSA 1978.

(2) The Eastland Queen Unit shall be operated by Beach Exploration, Inc. (OGRID 1903) and shall comprise the following described 1040.1 acres, more or less, of State of New Mexico lands, all in Eddy County, New Mexico:

Township 19 South, Range 29 East, NMPM

Section 1: N/2, W/2 SW/4, NE/4 SW/4, NW/4 SE/4

Section 2: SE/4 NE/4, SE/4 SW/4, SE/4  
Section 11: N/2

(3) The Unitized Formation shall comprise that interval underlying the Unit Area, the vertical limits of which extend from 100 feet above the top of the Queen Sand and 100 feet below the base of the Queen Sand, said Queen Sand interval occurring between 2335 feet and 2408 feet as shown by Schlumberger's Compensated Neutron/Litho-Density open hole log dated 6/18/87, in the Eastland Oil Company PJ State "A" Well No. 5, located 2310 feet from the South line and 2310 feet from the East line of Section 1, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(4) The Eastland Queen Unit Agreement and Eastland Queen Unit Operating Agreement submitted to the Division at the time of the hearing as Exhibits No. 2 and 3 are hereby incorporated by reference.

(5) This order shall not become effective unless and until the owners of 75% of the royalty interest in the Unit Area approve the plan for unit operations as required by Section 70-7-8 NMSA 1978. If the persons owning the required percentage of royalty interest in the Unit Area do not approve the plan for unit operations within a period of six months from the date of this order, this order shall cease to be effective, unless the Division shall extend the time for ratification for good cause. When the persons owning the required percentage of royalty interest in the Unit Area have approved the plan for unit operations, the interests of all persons in the unit area are unitized whether or not such persons have approved the plan of unitization in writing.

(6) The applicant, as Unit Operator, shall notify the Division in writing of its removal or the substitution of any other working interest owner within the Unit Area as Unit Operator. In the event an entity other than Beach assumes operation of the unit established hereby, such entity shall comply with all the terms and provisions of this order.

(7) The unit established hereby shall terminate upon the plugging and abandonment of the last well in the unit area completed in the unitized formation.

(8) Beach is hereby authorized to institute waterflood operations within the Eastland Queen Unit area by the injection of water into the unitized formation through the eighteen wells shown on Exhibit "A" attached to this order.

(9) The waterflood project authorized by this order shall be known as the Eastland Queen Unit Waterflood Project. *J. DOOPST*

(10) Each well is specifically permitted for injection only within the depth intervals ("permitted injection intervals") specified on Exhibit "A" attached to this order.

(11) As preparation and prior to injection:

(a) In all injection wells, existing perforations below the Shattuck shall be plugged off with bridge plugs and cement. In addition, any open perforations above the Shattuck [i.e. Seven Rivers] shall be squeezed with cement, drilled out and pressure tested.

(b) All producing wells within this unit shall be dedicated only to the Shattuck production during the life of this waterflood. Remaining reserves from any other intervals shall be isolated behind pipe with bridge plugs and/or squeeze cementing operations.

(12) As preparation and prior to injection within any well located within ½ mile:

the following three plugged wells shall be re-entered and re-plugged as follows and under supervision of the Division's Artesia district office:

State B-7717 #1 (30-015-03544), 1980 FSL, 660 FEL, (Unit I) Sec 2, T19S, R29E

Re-enter to 2750 feet and re-plug to surface by perforating, squeezing, placing cement plugs above the Queen (2200 feet), the Seven Rivers (1620 feet), and the base of the Salt (1080 feet). From there place cement plugs across the base of the 8-5/8 casing (425 feet) and at surface.

Leonard State #3 (30-015-03580), 330 FNL, 2310 FWL, (Unit C) Sec 12, T19S, R29E

Re-enter to approximately 2578 feet and re-plug the open hole with verified plugs placed above the Queen (2300 feet), the Seven Rivers (1750 feet), and below the Salt (1187 feet), across the 7-5/8 casing shoe (375 feet), across the top of the 7-5/8 casing (130 feet), and at surface.

Elliot #1 (30-015-04554), 330 FSL, 330 FWL, (Unit M) Sec 31, T18S, R30E

Re-enter to approximately 2450 feet and re-plug the open hole with verified plugs placed above the Queen (2415 feet), the Seven Rivers (1750 feet), and below the Salt (1168 feet), across the 8-5/8 casing shoe (355 feet), across the top of the 8-5/8 casing (160 feet), and at surface.

(13) The operator shall provide written verification and completed sundry forms to the Division showing that the required work specified in Paragraphs (11) and (12) has been completed.

(14) Beach shall take all steps necessary to ensure that the injected water enters only the permitted injection intervals and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(15) Injection into each of the wells shown on Exhibit "A" shall be accomplished through lined tubing installed in a packer located within 100 feet of the uppermost injection perforation. The casing-tubing annulus shall be filled with an inert fluid, and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

Has  
This  
been  
done?  
  
Yes *tw*

(16) The injection wells or pressurization system shall be equipped with a pressure control device or acceptable substitute that will limit the surface injection pressure to 1000 psi.

(17) The Division Director may administratively authorize a pressure limitation in excess of the above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata AND after notice is provided of such application to all offsetting operators of producing wells within the Shattuck formation located within ½ mile of the injection well(s) and those operators are given 15 days in which to protest the pressure increase.

(18) The Division Director may administratively authorize additional injection wells within the unit area as provided in Division Rule 701.F(3).

(19) Prior to commencing injection operations, casing shall be installed and cemented if not present in any well, and the casing in each well shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of such casing.

(20) The unit operator shall give 72 hours advance notice to the supervisor of the Division's Artesia District Office of the date and time (i) injection equipment will be installed, and (ii) the mechanical integrity pressure test will be conducted on the proposed injection wells, so that these operations may be witnessed.

(21) The unit operator shall immediately notify the supervisor of the Division's Artesia District office of any failure of the tubing, casing or packer in any of the injection wells or the leakage of water, oil or gas from or around any producing or plugged and abandoned well within the project area, and shall promptly take all steps necessary to correct such failure or leakage.

(22) The unit operator shall conduct injection operations in accordance with Division Rules No. 701 through 708, and shall submit monthly progress reports in accordance with Division Rules No. 706 and 1115.

(23) The injection authority granted herein for each Phase I well shown on Exhibit "A" shall terminate one year after the date of this order if the unit operator has not commenced injection operations into that well; provided, however, the Division, upon written request for that well, may grant an extension for good cause if such request for extension is received prior to the end of that year.

(24) The injection authority granted herein for each of those Phase II wells shown on Exhibit "A" shall terminate five years after the date of this order if the unit operator has not commenced injection operations into that well; provided, however, the Division, upon written request for that well, may grant an extension for good cause if such request for extension is received prior to the end of five years.

(25) The Eastland Queen Unit Waterflood Project is hereby certified as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (NMSA 1978 Sections 7-29A-1 through 7-29A-5). The project area shall comprise the entire Eastland Queen Unit; provided the area and/or the producing wells eligible for the enhanced oil recovery (EOR) tax rate may be contracted and reduced based upon the evidence presented by the unit operator in its demonstration of a positive production response.

(26) To be eligible for the EOR tax rate, the unit operator shall advise the Division of the date and time water injection commences into the project area and at such time, request the Division certify the project to the New Mexico Taxation and Revenue Department.

(27) At such time as a positive production response occurs, and within five years from the date the project was certified to the New Mexico Taxation and Revenue Department, the unit operator must apply to the Division for certification of a positive production response. This application shall identify the area benefiting from enhanced oil recovery operations and the specific wells eligible for the EOR tax rate. The Division may review the application administratively or set it for hearing. Based upon the evidence presented, the Division will certify to the New Mexico Taxation and Revenue Department those wells that are eligible for the EOR tax rate.

(28) This order does not relieve the operator of responsibility should its operations cause any damage or threat of damage to protectible fresh water, human health or the environment, nor does it relieve the operator of responsibility for complying with applicable Division rules or other federal, state or local laws or regulations.

(29) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated



SEAL

Attachments: Exhibit "A"

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.  
Director

CASE NO. 13973

**EXHIBIT "A"**  
**INJECTION WELLS**  
**EASTLAND QUEEN UNIT**  
**WELL NAMES AND LOCATIONS**

**Phase I (13 Injection Wells)**

WELL NAME	API	N-S	E-W	Unit	Sec	Tsp	Rge	Shattuck Perfs
STATE 004 (P&A)	30-015-03541	1650 FSL	1650 FEL	J	1	19S	29E	Approx 2400
STATE HL 1 002	30-015-24911	660 FNL	1980 FWL	C	1	19S	29E	2328-2370
P.J. A STATE 001	30-015-25655	990 FNL	990 FWL	D	1	19S	29E	2306-2341
P.J. A STATE 007	30-015-25794	330 FNL	990 FEL	A	1	19S	29E	2398-2418
P.J. A STATE 008	30-015-25856	2310 FSL	990 FWL	L	1	19S	29E	2272-2311
P.J. A STATE 011	30-015-25887	990 FSL	990 FWL	M	1	19S	29E	2326-2336
P.J. A STATE 018	30-015-26190	1650 FSL	1650 FEL	J	2	19S	29E	2270-2290
P.J. A STATE 020	30-015-26444	2310 FNL	330 FEL	H	2	19S	29E	2244-2294
P.J. A STATE 022	30-015-03542	2310 FNL	330 FEL	H	1	19S	29E	2414-2452
P.J. B STATE 001	30-015-26095	330 FNL	2310 FWL	C	11	19S	29E	2229-2247
P.J. B STATE 002	30-015-26120	330 FNL	990 FEL	A	11	19S	29E	2268-2301
B B O C STATE 001	30-015-22957	1980 FNL	1980 FEL	G	11	19S	29E	2261-2314
B B O C STATE 003	30-015-26235	990 FNL	990 FWL	D	11	19S	29E	2216-2237

**Phase II (5 Injection Wells as Needed)**

WELL NAME	API	N-S	E-W	Unit	Sec	Tsp	Rge	Shattuck Perfs
STATE HL 1 003	30-015-24912	660 FNL	1980 FEL	B	1	19S	29E	2351-2415
P.J. A STATE 009	30-015-10235	1470 FSL	2420 FWL	K	1	19S	29E	2360-2388
P.J. A STATE 012	30-015-25888	1650 FNL	990 FEL	H	1	19S	29E	2400-2428
P.J. A STATE 017	30-015-26148	660 FSL	1980 FEL	O	2	19S	29E	2257-2278
P.J. A STATE 021	30-015-30846	2310 FNL	2310 FWL	F	1	19S	29E	2304-2354

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

jamesbruc@aol.com

December 11, 2008

Via fax

William V. Jones  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Beach Exploration, Inc.  
Eastland Queen Unit Area

Township 19 South, Range 29 East, N.M.P.M.  
Section 1: N $\frac{1}{2}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$ , and NW $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 2: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , and SE $\frac{1}{4}$   
Section 11: N $\frac{1}{2}$

Dear Mr. Jones:

2  
Division Order No. R-12833, dated October 25, 2007, approved statutory unitization of and a waterflood project for the unit area. The unit area is outlined on Exhibit A. The unit agreement became effective January 1, 2008 and Beach subsequently commenced operations within the unit area. However, injection did not commence within a year, as required by the order. Therefore, Beach requests administrative reinstatement of its authority to inject.

*Exhibit A operators in AOR*

Attached as Exhibit B is a listing of Phase I and Phase II injection wells. Reinstatement is required for the Phase I wells; Beach has five years under the order to commence injection into the Phase II wells. Attached as Exhibit C is the Form C-108 for the waterflood project, and Exhibit D summarizes the work which has been conducted on the unit wells and in the unit area. Beach has complied with all terms of the order other than the injection commencement date.

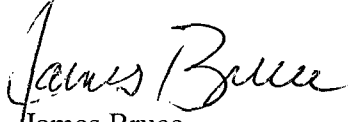
*3\**

The unit plat, Exhibit A, also shows the offset operators. Exhibit F is a copy of the notice letter mailed to offsets. A notice is also being published in the Carlsbad newspaper.



Please contact me if you need any further information.

Very truly yours,

  
James Bruce

Attorney for Beach Exploration, Inc.

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
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(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

February 27, 2009

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application to reinstate a waterflood project, filed with the New Mexico Oil Conservation Division by Beach Exploration, Inc., regarding parts of Sections 1, 2, and 11, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than 15 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter later.

Very truly yours,

  
James Bruce

Attorney for Beach Exploration, Inc.

EXHIBIT A

Operators of active wells within 1/2 mile of injectors:

MYCO Industries, Inc.  
PO Box 840  
Artesia, NM 88211

Snow Oil & Gas, Inc.  
PO Box 1277  
Andrews, TX 79714

Snow Operating Co., Inc.  
5719 Airport Frwy.  
Fort Worth, TX 76117

JKM Energy, LLC  
26 E. Compress Rd.  
Artesia, NM 88210

Chisos, Ltd.  
670 S.W. Dona Ana Rd.  
Deming, NM 88030

H. Dwayne & Rhonda K. Parish  
1306 S. Ninth Street  
Artesia, NM 88210

Jim Pierce  
Suite 859  
200 W. First Street  
Roswell, NM 88203

Lothian Oil Texas 1, Inc.  
Suite 300  
405 N. Marienfeld  
Midland, TX 79701

Edge Petroleum Operating Company, Inc.  
Suite 2000  
1301 Travis  
Houston, TX 77002

Chi Operating, Inc.  
PO Box 1799  
Midland, TX 79702

Mewbourne Oil Co.  
Suite 1020  
500 W. Texas  
Midland, TX 79701

Operators of leasehold within 1/2 mile of injectors

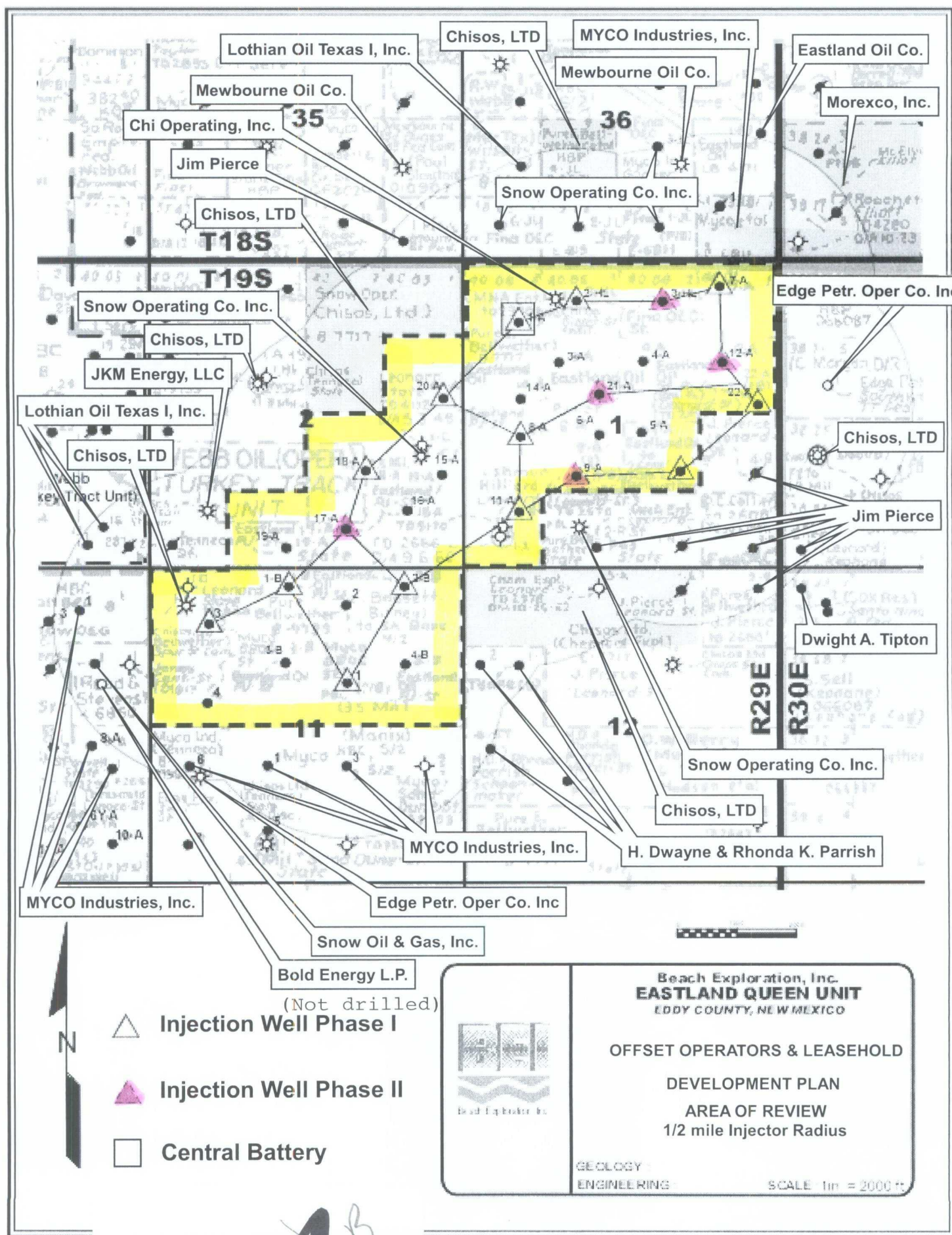
Morexco, Inc.  
PO Box 1591  
Roswell, NM 88202-1591

Dwight A. Tipton  
PO Box 1025  
Lovington, NM 88260

Chisos, Ltd.  
670 S.W. Dona Ana Rd.  
Deming, NM 88030

Surface owner

Oil, Gas & Mineral Division  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, New Mexico 87504



Injection Well Phase I



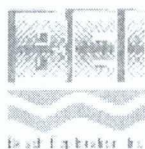
Injection Well Phase II



Central Battery

Bold Energy L.P.

(Not drilled)



Beach Exploration, Inc.  
**EASTLAND QUEEN UNIT**  
EDDY COUNTY, NEW MEXICO

OFFSET OPERATORS & LEASEHOLD  
DEVELOPMENT PLAN  
AREA OF REVIEW  
1/2 mile Injector Radius

GEOLOGY  
ENGINEERING

SCALE 1 in = 2000 ft

EXHIBIT

**A** *B*

TOC Surf  
Circ

**P.J. State B #1**

GL: 3,360  
KB: 3,368  
TD: 3,170  
PBD: 3,130

Status: Active pumping  
Perfs: 2229 - 2247

API: 30-015-26095

Fr. Wtr:  
Legal: 330 from N  
2,310 from W

NM Lse: B-9739-15  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 11-C  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, ZDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55	362	250	12-1/4"	Surf	10' RM 10 yds
4-1/2"	10.50	J55	3,140	750	7-7/8"	Surf	Circ 60 sx

7-Apr-89 Spud well  
Fred Pool - P.J. State B #1

18-Apr-89 Queen Completion  
Perf 2229-34, 2242-47 1 SPF 12 holes  
acidized w/500 gal 15% HCL  
frac w/25Mgal gel wtr, 25M# 20/40, 15M# 12/20  
Avg 18bpm 2300psi, ISIP 1680 15min 1360  
28-Apr-89 IP: Pumping 50 BO 16 BW 20 MCF 24 hrs 400 GOR

**OPERATOR:** Eastland Oil Company

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

A plastic coated Model AD-1 Tension Packer will be run on 2 3/8" internally plastic coated tubing and set approximately 50' above the Queen perforations

**APPROX PACKER DEPTH:** 2175'

T Salt  
@368'

8 5/8"  
@362'

B Salt  
@1040'

Yates  
@1388'

7 Rivers  
@1668'

Queen  
@2197'

Queen Perfs  
2229 - 2247

Penrose  
@2371'

Grayburg  
@2550'  
San And  
@2680'

4-1/2"  
@3,140'

TD 3170

TOC Sur  
Circ

**P.J. State B #2**

GL: 3,379  
KB: 3,385  
TD: 2,850  
PBD: 2,810

Status: Active pumping

Perfs: 2268 - 2301

API: 30-015-26120

Fr. Wtr:  
Legal: 330 from N  
990 from E

NM Lse: B-9739-15

Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 11-A  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, LDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		368	250	12-1/4"	Surf	15' RM 8 yds
4-1/2"	10.50	used	2,850	650	7-7/8"	Surf	Circ 10 sx

17-Jun-89 Spud well  
Fred Pool - P.J. State B #2

6-Jul-89 Queen Completion  
Perf 2268-2301 21 holes  
acidized w/1500 gal 15% HCL  
frac w/28Mgal 30# x-linked gel, 21.6M# 20/40, 35.6M# 12/20  
Avg 18bpm 300psi, ISIP 1700 15min 1500

11-Jul-89 IP: Pumping 44 BO 12 BW 20 MCF 24 hrs 32 API 455 GOR

**OPERATOR:** Eastland Oil Company

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

A plastic coated Model AD-1 Tension Packer will be run on 2 3/8" internally plastic coated tubing and set approximately 50' above the Queen perforations

**APPROX PACKER DEPTH:** 2225'

T Salt  
@380'

8 5/8"  
@368'

B Salt  
@1107'

Yates  
@1440'

7 Rivers  
@1682'

Queen  
@2250'

Queen Perfs  
2268 - 2301

Penrose  
@2428'

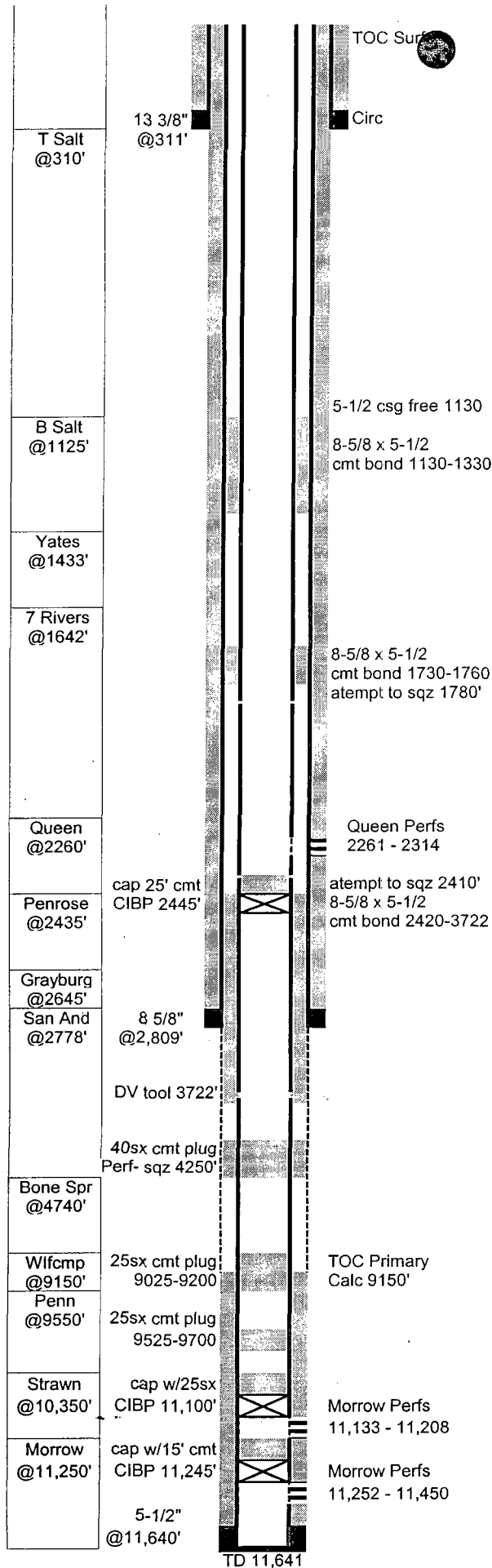
Grayburg  
@2611'

San And  
@2737'

4-1/2"  
@2,850'

TD 2850





## BBO State #1

GL: 3,374  
KB: 3,394  
TD: 11,641  
PBD: 11,480 2,420  
Fr. Wtr:  
Legal: 1,980 from N  
1,980 from E  
Section: 11-G  
Township: 19S  
Range: 29E  
County: Eddy

Status: Active pumping  
Perfs: 2261 - 2314  
API: 30-015-22957  
NM Lse: B-9739  
Field: Turkey Track (Sr-Qn-Gb-Sa)  
Logs: CNL, CDL, DLL (TD-2800)  
cased CNL 2370-surf  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
13-3/8"	54.50	K55	311	500	17-1/2"	Surf	Circ RM 5 yds
8-5/8"	32.00	K55	2,809	2,150	11"	Surf	Circulated
5-1/2"	15.5, 17	K55, N80	11,640	600	7-7/8"	9150'	Calc
		DV tool	3,722	475	7-7/8"	2500'	Calc

4-Oct-79 Spud well  
**Tenneco - State "HL" 11 #2**

17-Jan-80 **Morrow Completion**  
Perf 11,252 - 11,450, natural completion

7-Feb-80 IP: CAOF 3.561 MMCFPD, dry GG 0.707, SITP 3314 psi

7-Aug-84 **PB Add New Morrow Perfs**  
Set CIBP at 11,245 w/15' cmt  
Perf 11,133-42, 11,204-08 4 SPF 4" csg gun, acidized w/2500gal 7.5% MorFlw  
IP: no new potential

22-Aug-89 **Plugged Back to 2420**  
Set CIBP at 11,100 w/25sx cmt on top  
Pump 25sx plug at 9700', pump 25sx plug at 9200'. Perf 4 sqz holes at 4250' and sqz'd w/40sx, ran free pt and csg free to 1130'. Set CIBP at 2445' w/25' cmt. Ran CBL 5-1/2" csg free 1760-2420, bonded 1730-1760, free 1330-1730, bonded 1130-1330', free 1130' to surf. Perf sqz holes at 1780 and 2410 to sqz between 8-5/8" and 5-1/2" csg, neither set would take fluid.

1-Sep-89 **Queen Completion**  
Perf 2261,62,69,70,71,81,82,83,2307,8,9,13,14 13 holes 0.42"  
acidized w/2000 gal 20% HCL & BS  
frac w/40Mgal x-linked gel, 45M#20/40, 25M# 12/20

7-Sep-89 IP: Pumping 60 BO 0 BW 61 MCF 24 hrs 32 API 1,017 GOR

28-Jun-93 Filed proposal to perf 7 Rivers 1660 - 1692 no record of perfs

**OPERATOR:** Myco Industries, Inc.

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

A plastic coated Model AD-1 Tension Packer will be run on 2 3/8" internally plastic coated tubing and set approximately 50' above the Queen perforations

**APPROX PACKER DEPTH:** 2210'



TOC Sur  
Circ

8 5/8"  
@350'

T Salt  
@370'

B Salt  
@1032'

Yates  
@1358'

7 Rivers  
@1680'

Queen  
@2204'

Penrose  
@2373'

5-1/2"  
@2,520'

TD 2520

Queen Perfs  
2216 - 2237

Middle Queen Perfs  
2351 - 2353

## BBOC State #3

GL: 3,360  
KB: 3,368  
TD: 2,520  
PBD: 2,474  
Fr. Wtr:  
Legal: 990 from N  
990 from W  
Section: 11-D  
Township: 19S  
Range: 29E  
County: Eddy  
Status: Active pumping  
Perfs: 2216 - 2237, 2351 - 2353  
Queen Middle Queen  
API: 30-015-26235  
NM Lse: B-9739  
Field: Turkey Track (Sr-Qn-Gb-Sa)  
Logs: CNL, LDL, DLL  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	23.00	ST&C new	350	250	12-1/4"	Surf	Circ RM 8 yds
5-1/2"	14.00	J55 used	2,520	700	7-7/8"	Surf	Circ 100 sx

16-Dec-89 Spud well  
Myco - BBOC State #3

2-Jan-90 Queen and Middle Queen Completion  
Perf 2216,21,23,27,29,31,33,35,37, 2351,53 11 holes 0.42"  
acidized 2351-53 w/500 gal 15% HCL swabbed dry  
acidized 2216-37 w/2500 gal 15% HCL  
frac 2216-37 w/ 34Mgal 30# x-linked gel, 45M# 20/40, 20M# 12/20  
13-Jan-90 IP: Pumping 41 BO 0 BW 41 MCF 24 hrs 35 API 1,000 GOR

**OPERATOR:** Myco Industries, Inc.

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower  
Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.  
A CIBP will be placed at 2300' above the Middle Queen perforations. A  
plastic coated Model AD-1 Tension Packer will be run on 2 3/8"  
internally plastic coated tubing and set approximately 50' above the  
Queen perforations

**APPROX PACKER DEPTH:** 2165'

TOC Sur  
Circ

# State "HL" 1 #3

GL: 3,423  
KB: 3,432  
TD: 2,900  
PBD: 2,855

Status: Active pumping  
Perfs: 1860 - 1881, 2351 - 2765  
7 Rvrs, Qn, Penrose, Grayburg  
API: 30-015-24912

Fr. Wtr:  
Legal: 660 from N  
1,980 from E

NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-B  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, LDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	K55 ST&C	300	250	12-1/4"	Surf	60' - Pea Grav
5-1/2"	15.50	K55 ST&C	2,900	675	7-7/8"	Surf	Circ 100 sx

29-Dec-84 Spud well  
Tenneco Oil Co. - State "HL" 1 #3

14-Feb-85 Queen, Penrose and Grayburg Completion  
Perf Queen 2351,56,73,74,79,81-84,89-94,98,99, 2400,09,11,15  
Perf Penrose 2524-27,33,34,70,72,73,75,76, 2608,11,13,15,57,61,64,67  
Perf Grayburg 2739,41,43,60,62,65  
frac w/55.8Mgal gelled fluid  
Separate frac 30Mgal 135M# 20/40 2608-2765, tagged most went to 2608-15  
8-May-85 IP: Pumping 22 BO 86 BW 39 MCF 24 hrs 1772 GOR

10-May-99 7 Rivers Completion  
RBP at 2015'  
Perf 1860-65, 76-81 4 SPF 40 holes with stimgun  
IP: made 0 BO 5 BW and gas TSTM  
Pulled RBP ran tbg and rods

19-May-99 Tagged TD at 2542

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower  
Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.  
The 7 Rivers perforations 1860'-1881' will be squeezed and a CIBP will  
be placed at 2475' above the Penrose perforations. A plastic coated  
Model AD-1 Tension Packer will be run on 2 3/8" internally plastic  
coated tubing and set approximately 50' above the Queen perforations  
APPROX PACKER DEPTH: 2300'

8-5/8"  
@300'

T Salt  
@330'

B Salt  
@1150'

Yates  
@1456'

7 Rivers  
@1760'

7 Rivers + Perfs  
1860 - 1881

Queen  
@2342'

Queen Perfs  
2351 - 2415

Penrose  
@2519'

Penrose + Perfs  
2524 - 2667

Grayburg  
@2701'

Grayburg Perfs  
2739 - 2765

San And  
@2846'

5-1/2"  
@2,900'

TD 2900

8-5/8"  
@126

8-5/8"  
cut off 279'

T Salt  
@330'

8-5/8"  
279 - 365

B Salt  
@1173'

Yates  
@1496'

7 Rivers  
@1783'

Queen  
@2340'

Penrose  
@2528'

4-1/2"  
@2,569'

TD 2570

TOC Surf  
RM to surf

TOC 8-5/8"  
280'

TOC 4-1/2"  
500'

Queen Perfs  
2360 - 2388

## P.J. State A #9

GL: 3,412  
KB: 3,418  
TD: 2,570  
PBD: 2,516

Fr. Wtr:  
Legal: 1,470 from S  
2,420 from W

Section: 1-K  
Township: 19S  
Range: 29E  
County: Eddy

Status: Active pumping  
Perfs: 2360 - 2388

API: 30-015-10235-0001

NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Logs: CNL, LDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	28.00	used	365	50	10"	280	279' csg pulled
8-5/8"			126	RM10yd	9-7/8"	Surf	filled backside
7"			350	0	7-7/8"	csg run - pulled after 4-1/2	
4-1/2"	10.5		2,569	500	6-1/4"	500'	Temp Surv

1-Nov-63 Spud well  
Kersey & Co. - Leonard #1

29-Dec-63 D&A to 2570 - set 8-5/8" csg at 365', drld to 2570' w/8-1/4" bit  
25 sx plug at 2570', 20 sx plug at 1173' Base of salt, 20 sx plug at 365' csg shoe  
20sx plug at 365' surf csg shoe plug, mud between plugs  
recovered 278.8' surf csg, mudded to surf and set 4" marker at surf

28-Jun-89 Reenter P&A well to 2570  
**Fred Pool - P.J. State A #9**  
CO to 162' w/ 9-7/8" bit, ran 126' 8-5/8" csg cmted w/10yds of ready mix to surf  
CO to 350' w/7-7/8" bit and ran 350' 7" csg as a temporary conductor string  
Drilled w/ 6-1/4" bit plugs at 365', 1173' and went to 2570'  
CO to 2570' w/6-1/4" bit, ran 4-1/2" csg 2569', pulled 7" csg. cmt'd 4-1/2" csg

11-Jul-89 **Queen Completion**  
Perf 2360-2388 12 holes 0.38"  
acidized w/1500 gal 15% HCL  
frac w/28Mgal gel wtr, 21.6M# 20/40, 35.6M# 12/20  
15-Jul-89 IP: Pumping 22 BO 42 BW 10 MCF 24 hrs 32 API 454 GOR

**OPERATOR:** Eastland Oil Company

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"  
internally plastic coated tubing and set approximately 50' above the  
Queen perforations

**APPROX PACKER DEPTH:** 2310'

TOC Surf  
Circ

**P.J. State A #12**

GL: 3,421  
KB: 3,427  
TD: 2,850  
PBD: 2,809

Status: Active pumping  
Perfs: 2400 - 2428

API: 30-015-25888

Fr. Wtr:  
Legal: 1,650 from N  
990 from E

NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-H  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, ZDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7"	23.00	J55	362	300	9-7/8"	Surf	55' RM 5 yds
4-1/2"	9.50	J55 used	2,850	570	6-1/4"	Surf	Circ 132 sx

7-Jul-88 Spud well  
Fred Pool - P.J. State A #12

26-Jul-88 Queen Completion  
Perf 2400-2428 15 holes  
acidized w/2000 gal 15% HCL - Avg 3.8bpm 1750psi  
frac w/60Mgal gel wtr, 80M# 20/40, 42M# 12/20  
Avg 30bpm 2500psi, ISIP 2200 15min 1520

2-Aug-88 IP: Pumping 25 BO 40 BW 13 MCF 24 hrs 36 API 500 GOR

25-Aug-88 CO sand to 2614

**OPERATOR:** Eastland Oil Company

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"  
internally plastic coated tubing and set approximately 50' above the  
Queen perforations

**APPROX PACKER DEPTH:** 2350'

T Salt  
@343' 7"  
@362'

B Salt  
@1188'

Yates  
@1543'

7 Rivers  
@1834'

Queen  
@2360'

Penrose  
@2547'

Grayburg  
@2743'

San And  
@2885'

4-1/2"  
@2,850'

TD 2850

Queen Perfs  
2400 - 2428

TOC Surf  
Circ

**P.J. State A #17**

GL: 3,360  
KB: 3,365  
TD: 2,750  
PBD: 2,710

Status: Active pumping  
Perfs: 2257 - 2278

API: 30-015-26148

Fr. Wtr:  
Legal: 660 from S  
1,980 from E

NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 2-O  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, LDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		366	300	12-1/4"	Surf	30' RM 4 yds
4-1/2"	9.50		2,718	850	7-7/8"	Surf	Circ 150 sx

21-Jul-89 Spud well  
Fred Pool - P.J. State A #17

5-Aug-89 Queen Completion  
Perf 2257-2278 22 holes  
acidized w/1000 gal 15% HCL  
frac w/30Mgal gel wtr, 33M# 20/40, 32M# 12/20  
Avg 11bpm 2650psi, ISIP 1750 15min 1410  
8-Aug-89 IP: Pumping 45 BO 5 BW 20 MCF 24 hrs 36 API 444 GOR

**OPERATOR:** Eastland Oil Company

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower  
Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.  
A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"  
internally plastic coated tubing and set approximately 50' above the  
Queen perforations

**APPROX PACKER DEPTH:** 2200'

T Salt  
@341'

8 5/8"  
@366'

B Salt  
@1043'

Yates  
@1382'

7 Rivers  
@1650'

Queen  
@2222'

Penrose  
@2400'

Grayburg  
@2575'

San And  
@2710'

4-1/2"  
@2,718'

TD 2750

Queen Perfs

2257 - 2278

TOC Surf  
Circ

# P.J. State A #21

GL: 3,400  
KB: 3,402  
TD: 2,818  
PBD: 2,801 2,485  
Fr. Wtr:  
Legal: 2,310 from N  
2,310 from W  
Section: 1-F  
Township: 19S  
Range: 29E  
County: Eddy  
Status: Active pumping  
Perfs: 2304 - 2354  
API: 30-015-30846  
NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)  
Logs: CNL, LDL, IND  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55 new	356	300	12-1/4"	Surf	25' RM 2 yds
4-1/2"	10.50	K55 ST&C use	2,818	420	6-1/4"	Surf	Circ 107 sx
					8" to 774'		

- 21-Dec-99 Spud well  
**Eastland Oil - P.J. State A #21**
- 19-Jun-00 **Lower Queen Completion**  
Perf 2570-78,85-92, 2616-22,26-32,34-40 2 SPF 71 holes 0.41" 3 1/8" csg gun  
acidized w/3000 gal 15% HCL & BS, Avg 4bpm 1800psi, ISIP 1270 15min 1010  
swab load back no oil or gas
- 21-Jun-00 **Queen Completion**  
CIBP at 2520' w/35' cmt on top  
Perf 2304-10,14-40,46-54 2 SPF 86 holes  
acidized w/1000 gal 15% HCL & BS, Avg 2.6bpm 1400psi, ISIP 700 15min vac  
frac w/21Mgal gel wtr, 47M# 16/30, Avg 30bpm 1175psi, ISIP 1360 15min 938  
13-Jul-00 IP: Pumping 30 BO 5 BW 20 MCF 24 hrs 34.8 API 667 GOR

**OPERATOR:** Eastland Oil Company

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower  
Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.  
A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"  
internally plastic coated tubing and set approximately 50' above the  
Queen perforations

**APPROX PACKER DEPTH:** 2250'

8 5/8"  
@356'

T Salt  
@359'

B Salt  
@1139'

Yates  
@1455'

7 Rivers  
@1764'

Queen  
@2303'

Queen Perfs  
2304 - 2354

Penrose  
@2482'

Bridge Plug  
@2520'

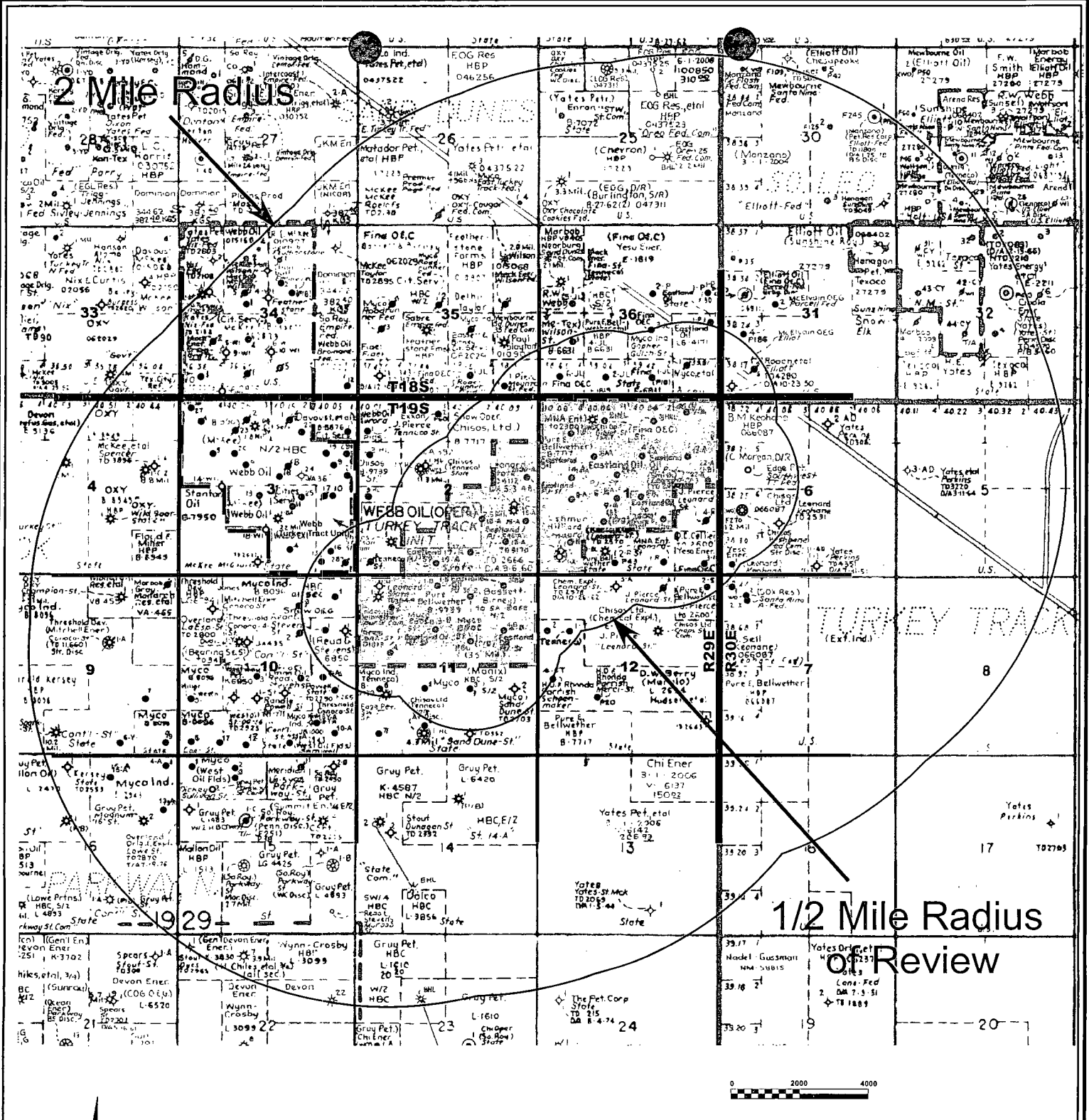
Lower Queen Perfs  
2570 - 2640

Grayburg  
@2666'

San And  
@2812'

4-1/2"  
@2818'

TD 2818



Beach Exploration, Inc.

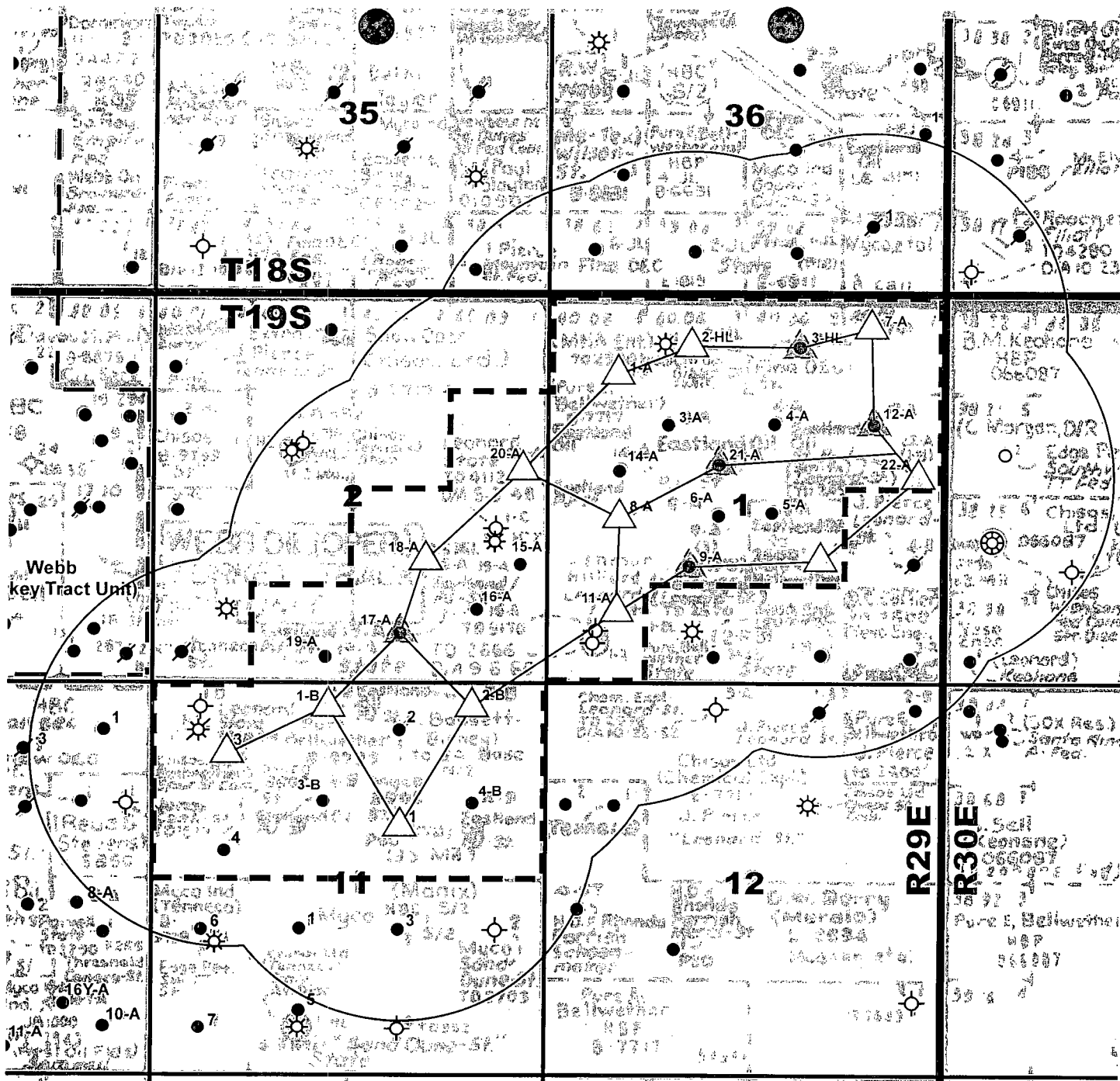
**Beach Exploration, Inc.  
EASTLAND QUEEN UNIT  
EDDY COUNTY, NEW MEXICO**

Form C108 Item V

**2 Mile Radius and  
AREA OF REVIEW  
1/2 mile Injector Radius**

**GEOLOGY:  
ENGINEERING:**

**SCALE: 1 in. = 4000 ft.**



Injector Phase I



Injector Phase II



Beach Exploration, Inc.

**Beach Exploration, Inc.**  
**EASTLAND QUEEN UNIT**  
EDDY COUNTY, NEW MEXICO

**AREA OF REVIEW**  
**1/2 mile Injector Radius**

**GEOLOGY :**  
**ENGINEERING :**

**SCALE : 1 in. = 2000 ft.**



Beach Exploration, Inc.  
 Proposed Eastland Queen Unit  
Unit Producing Wells (wellbore schematics attached)  
 Form C-108, Item VI

<u>Operator</u>	<u>Lease &amp; Well #</u>	<u>Location</u>	<u>Sec.-Unit, Twp., Rge.</u>
<u>PHASE I</u>			
1. Eastland Oil Company	P.J. State A #3	1650' FNL 1650' FWL	1-F, 19S, 29E
2. Eastland Oil Company	P.J. State A #4	1650' FNL 2310' FEL	1-G, 19S, 29E
3. Eastland Oil Company	P.J. State A #5	2310' FSL 2310' FEL	1-J, 19S, 29E
4. Eastland Oil Company	P.J. State A #6	2310' FSL 2310' FWL	1-K, 19S, 29E
5. Eastland Oil Company	P.J. State A #14	2310' FNL 990' FWL	1-E, 19S, 29E
6. Eastland Oil Company	P.J. State A #15	1650' FSL 330' FEL	2-I, 19S, 29E
7. Eastland Oil Company	P.J. State A #16	990' FSL 990' FEL	2-P, 19S, 29E
8. Eastland Oil Company	P.J. State A #19	330' FSL 2310' FWL	2-N, 19S, 29E
9. Eastland Oil Company	P.J. State B #3	1650' FNL 2310' FWL	11-F, 19S, 29E
10. Eastland Oil Company	P.J. State B #4	1650' FNL 990' FEL	11-H, 19S, 29E
11. Myco Industries, Inc.	BBOC State #2	660' FNL 1980' FEL	11-B, 19S, 29E
12. Myco Industries, Inc.	BBOC State #4	2310' FNL 990' FWL	11-E, 19S, 29E

TOC Sur  
Circ

T Salt  
@330'

8-5/8"  
@361'

B Salt  
@1127'

Yates  
@1444'

7 Rivers  
@1758'

Queen  
@2303'

Penrose  
@2467'

Grayburg  
@2642'

San And  
@2788'

5-1/2"  
@3,259'

TD 3259

Queen Perfs  
2300 - 2348

# P.J. State A #3

GL: 3,401  
KB: 3,411  
TD: 3,259  
PBD: 3,219

Status: Active pumping

Perfs: 2300 - 2348

API: 30-015-25694

Fr. Wtr:

Legal: 1,650 from N  
1,650 from W

NM Lse: B-7717

Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-F  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, LDT, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		361	250	12-1/4"	Surf	48' Top RM
5-1/2"	15.50	LT&C	3,259	650	7-7/8"	Surf	Circ 75 sx

27-Dec-86 Spud well  
Fred Pool - P.J. State A #3

28-Jan-87 Queen Completion  
Perf 2300-16, 2336-48 20 holes  
acidized w/1,000 gal 15% HCL w/50 BS Avg 3.5bpm 1600psi  
frac 37Mgal gel wtr, 15Mgal CO2, 60M# 20/40, 32M# 12/20 Avg 40bpm 2000psi  
3-Feb-87 IP: Pumping 55 BO 10 BW 70 MCF 24 hrs 1272 GOR

## TUBING STRING (assumed from rod string)

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	10.00	0.00	10.00
72	2-3/8 EUE 8rd J-55 4.7# Tbg	2288.00	10.00	2298.00
1	2-3/8 X 1-25/32 SN	1.10	2298.00	2299.10
1	Perf Sub	3.00	2299.10	2302.10
1	2-3/8 Mud Anchor	31.50	2302.10	2333.60

## ROD STRING 4/19/01

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w8' liner	16
5	3/4	Pony Rods 4,4,6,6,2	22
90	3/4	Rods	2250
1	2X1.25X10	RWTC pump w/1"x6' GA	10
			2298

TOC Sur  
Circ

P.J. State A #4

GL: 3,408  
KB: 3,416  
TD: 2,910  
PBD: 2,870

Status: Active pumping

Perfs: 2366 - 2384

API: 30-015-25737

Fr. Wtr:  
Legal: 1,650 from N  
2,310 from E

NM Lse: B-7717

Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-G  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, FDC, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		370	250	12-1/4"	Surf	45' RM 24 yds
4-1/2"	9.50		2,910	850	7-7/8"	Surf	Circ 37 sx

14-Mar-87 Spud well  
Fred Pool - P.J. State A #4

27-Mar-87 Queen Completion  
Perf 2366-84 15 holes  
acidized w/1,000 gal 15% HCL  
frac 30Mgal gel wtr, 10Mgal CO2, 60M# 20/40, 32M# 12/20  
1-Apr-87 IP: Pumping 55 BO 0 BW 60 MCF 24 hrs 1090 GOR

TUBING STRING 8/18/93

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
77	2-3/8 EUE 8rd J-55 4.7# Tbg	2396.00	8.00	2404.00
1	2-3/8 X 1-25/32 SN	1.10	2404.00	2405.10
1	Perf Sub	3.00	2405.10	2408.10
1	2-3/8 Mud Anchor	31.00	2408.10	2439.10

ROD STRING 8/18/93

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/ liner	16
4	3/4	Pony Rods 4,4,4,6	18
94	3/4	Rods	2350
1	2X1.5X12	RWTC pump w/1"x6' GA	12
			2396

Queen Perfs  
2366 - 2384

4-1/2"  
@2,910'

TD 2910

TOC Sur  
Circ

**P.J. State A #5**

GL: 3,406  
KB: 3,414  
TD: 2,920  
PBD: 2,880

Status: Active pumping

Perfs: 2366 - 2386

API: 30-015-25753

Fr. Wtr:  
Legal: 2,310 from S  
2,310 from E

NM Lse: B-7717

Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-J  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, FDC, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	23.00	New	337	300	12-1/4"	Surf	52' RM 10 yds
5-1/2"	15.50	J55	2,920	970	7-7/8"	Surf	Circ 95 sx

11-Jun-87 Spud well  
Fred Pool - P.J. State A #5

29-Jun-87 **Queen Completion**  
Perf 2366-86 16 holes  
acidized w/1,000 gal 15% HCL  
frac w/30Mgal gel wtr, 10Mgal CO2, 56M# 20/40, 32M# 12/20  
3-Jul-87 IP: Pumping 84 BO 14 BW 75 MCF 24 hrs 893 GOR

**TUBING STRING (assumed from rod string)**

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
76	2-3/8 EUE 8rd J-55 4.7# Tbg	2412.00	8.00	2420.00
1	2-3/8 X 1-25/32 SN	1.10	2420.00	2421.10
1	Perf Sub	3.00	2421.10	2424.10
1	2-3/8 Mud Anchor	31.50	2424.10	2455.60

**ROD STRING 3/2/96**

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/8' liner	16
5	3/4	Pony Rods 2,2,4,4,6	18
95	3/4	Rods	2375
1	2X1.5X12	RWTC pump w/1"x6' GA	12
			2421

Queen Perfs

2366 - 2386

8-5/8"  
@337'

T Salt  
@350'

B Salt  
@1174'

Yates  
@1500'

7 Rivers  
@1802'

Queen  
@2328'

Penrose  
@2522'

Grayburg  
@2720'

San And  
@2856'

5-1/2"  
@2,920'

TD 2920

TOC Surf  
Circ

**P.J. State A #6**

GL: 3,398  
KB: 3,404  
TD: 2,915  
PBD: 2,885

Status: Active pumping  
Perfs: 2358 - 2374

API: 30-015-25795

Fr. Wtr:  
Legal: 2,310 from S  
2,310 from W

NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-K  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, LDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	New	384	300	12-1/4"	Surf	Circ ??
4-1/2"	9.50	ST&C	2,909	1,000	7-7/8"	Surf	Circ 20 sx

5-Sep-87 Spud well  
**Fred Pool - P.J. State A #6**

18-Sep-87 **Queen Completion**  
Perf 2358-74 17 holes  
acidized w/1000 gal 15% HCL  
frac w/30Mgal gel 2% KCL, 10Mgal CO2, 55M# 20/40, 33M# 12/20  
Avg 26 bpm 2200psi, ISIP 1670 15min 1350

23-Sep-87 IP: Pumping 40 BO 10 BW 30 MCF 24 hrs 750 GOR

**TUBING STRING 4/18/01**

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	6.00	0.00	6.00
75	2-3/8 EUE 8rd J-55 4.7# Tbg	2388.00	6.00	2394.00
1	2-3/8 X 1-25/32 SN	1.10	2394.00	2395.10
1	Perf Sub	3.00	2395.10	2398.10
1	2-3/8 Mud Anchor	31.50	2398.10	2429.60

**ROD STRING 4/18/01**

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/6' liner	16
4	3/4	Pony Rods 6,6,4,2	18
94	3/4	Rods	2350
1	2X1.25X10	RWTC pump w/1"x6' GA	10
			2394

Queen Perfs

2358 - 2374

T Salt  
@320'

8-5/8"  
@384'

B Salt  
@1154'

Yates  
@1478'

7 Rivers  
@1794'

Queen  
@2310'

Penrose  
@2494'

Grayburg  
@2660'

San And  
@2828'

4-1/2"  
@2,909'

TD 2915

TOC Surf  
Circ

8 5/8"  
@368'

T Salt  
@420'

B Salt  
@1107'

Yates  
@1423'

7 Rivers  
@1730'

Queen  
@2267'

Penrose  
@2445'

Grayburg  
@2623'

San And  
@2764'

4-1/2"  
@3,143'

TD 3160

Queen Perfs

2275 - 2328

## P.J. State A #14

GL: 3,390 log wrong 3,398 Status: Active pumping  
KB: 3,398 log wrong 3,406 Perfs: 2275 - 2328  
TD: 3,160  
PBD: 3,120 API: 30-015-25932  
Fr. Wtr:  
Legal: 2,310 from N NM Lse: B-7717  
990 from W Field: Turkey Track (Sr-Qn-Gb-Sa)  
Section: 1-E Logs: CNL, ZDL, DLL  
Township: 19S log elevations are wrong  
Range: 29E  
County: Eddy Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		368	300	12-1/4"	Surf	Circ
4-1/2"	9.50	J55	3,143	900	7-7/8"	Surf	Circ 56 sx

17-Oct-88 Spud well  
Fred Pool - P.J. State A #14

1-Nov-88 Queen Completion  
Perf 2275-2328 14 holes  
acidized w/2000 gal 15% HCL  
frac w/59Mgal gel wtr, 80M# 20/40, 42M# 12/20  
Avg 30bpm 2250psi, ISIP 1920 15min 1350  
8-Nov-88 IP: Pumping 30 BO 45 BW 20 MCF 24 hrs 36 API 666 GOR

### TUBING STRING (assumed from rod string)

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
75	2-3/8 EUE 8rd J-55 4.7# Tbg	2355.00	8.00	2363.00
1	2-3/8 X 1-25/32 SN	1.10	2363.00	2364.10
1	Perf Sub	3.00	2364.10	2367.10
1	2-3/8 Mud Anchor	31.50	2367.10	2398.60

### ROD STRING 9/24/96

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/8' liner	16
3	3/4	Pony Rods 6,2,2	10
93	3/4	Rods	2325
1	2X1.5X12	RWTC pump w/1"x6' GA	12
			2363

TOC Surf  
Circ

# P.J. State A #15

GL: 3,368 log wrong 3,387  
KB: 3,376 log wrong 3,395  
TD: 3,093  
PBD: 3,043

Status: Active pumping

Perfs: 2275 - 2294

API: 30-015-26052

Fr. Wtr:  
Legal: 1,650 from S  
330 from E

NM Lse: B-7717

Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 2-I  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, LDL, DLL  
log elevations wrong

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55	347	250	12-1/4"	Surf	40' RM 6 yds
4-1/2"	9.50		3,093	950	7-7/8"	Surf	Circ 140 sx

24-Jan-89 Spud well  
Fred Pool - P.J. State A #15

6-Feb-89 Queen Completion  
Perf 2275-2294 19 holes  
acidized w/500 gal 15% HCL  
frac w/37.4Mgal gel wtr, 45M# 20/40, 20M# 12/20  
14-Feb-89 IP: Pumping 40 BO 22 BW 20 MCF 24 hrs 36 API 500 GOR

Queen Perfs

2275 - 2294

## TUBING STRING (assumed from rod string)

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
73	2-3/8 EUE 8rd J-55 4.7# Tbg	2307.00	8.00	2315.00
1	2-3/8 X 1-25/32 SN	1.10	2315.00	2316.10
1	Perf Sub	3.00	2316.10	2319.10
1	2-3/8 Mud Anchor	31.50	2319.10	2350.60

## ROD STRING 9/13/96

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/8' liner	16
3	3/4	Pony Rods 6.4;2	12
91	3/4	Rods	2275
1	2X1.5X12	RWTC pump w/1"x6' GA	12
			2315

T Salt  
@360'

8 5/8"  
@347'

B Salt  
@1081'

Yates  
@1400'

7 Rivers  
@1678'

Queen  
@2238'

Penrose  
@2418'

Grayburg  
@2600'

San And  
@2728'

4-1/2"  
@3,093'

TD 3093

TOC Surf  
Circ

**P.J. State A #16**

GL: 3,364  
KB: 3,373  
TD: 3,150  
PBD: 3,100

Status: Active pumping  
Perfs: 2262 - 2290

API: 30-015-26104

Fr. Wtr:  
Legal: 990 from S  
990 from E

NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 2-P  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, FDC, DLL, RXO

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55	360	300	12-1/4"	Surf	did not circ RM?
5-1/2"	15.50	J55 used	3,150	600	7-7/8"	Surf	Circ 109 sx

25-Apr-89 Spud well  
Fred Pool - P.J. State A #16

8-May-89 Queen Completion  
Perf 2262-2290 1 SPF 29 holes 0.41"  
acidized w/500 gal 15% HCL  
frac w/40Mgal gel wtr, 30M# 20/40, 54M# 12/20

12-May-89 IP: Pumping 55 BO 15 BW 28 MCF 24 hrs 36 API 509 GOR

Queen Perfs  
2262 - 2290

**TUBING STRING 9/23/96**

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	9.00	0.00	9.00
76	2-3/8 EUE 8rd J-55 4.7# Tbg	2375.00	9.00	2384.00
1	2-3/8 X 1-25/32 SN	1.10	2384.00	2385.10
1	Perf Sub	3.00	2385.10	2388.10
1	2-3/8 Mud Anchor	30.00	2388.10	2418.10

**ROD STRING 9/23/96**

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/8' liner	16
5	3/4	Pony Rods 6,6,6,4,2	24
93	3/4	Rods	2325
1	2X1.5X12	RWTC pump w/1"x6' GA	12
			2377

T Salt  
@340' 8 5/8"  
@360'

B Salt  
@1082'

Yates  
@1395'

7 Rivers  
@1791'

Queen  
@2244'

Penrose  
@2420'

Grayburg  
@2596'

San And  
@2736'

5-1/2"  
@3,150'

TD 3150



TOC Surf  
Circ

8 5/8"  
@355'

T Salt  
@360'

TOC  
est 480'  
25% excess

B Salt  
@1035'

Yates  
@1406'

7 Rivers Perfs

1744 - 1764

7 Rivers  
@1740'

Queen Perfs

2200 - 2255

Queen  
@2200'

CIBP knocked down  
to 2389 lose

Penrose  
@2326'

Grayburg  
@2551'

San And  
@2682'

5-1/2"  
@2,747'

TD 2750

## P.J. State A #19

GL: 3,356  
KB: 3,364  
TD: 2,750  
PBD: 2,707 2,389  
Fr. Wtr:  
Legal: 330 from S  
2,310 from W  
Section: 2-N  
Township: 19S  
Range: 29E  
County: Eddy  
Status: Active pumping  
Perfs: 1744 - 1764, 2200 - 2255  
7 Rivers, Queen  
API: 30-015-26312  
NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)  
Logs: CNL, ZDL, DLL  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		355	300	11"	Surf	45' RM 20 yds
5-1/2"	15.50	1492' J55	2,747	375	7-7/8"	est 480'	did not circ
5-1/2"	14.5	1243'					

9-Apr-90 Spud well  
Fred Pool - P.J. State A #19

25-Apr-90 Queen Completion  
Perf 2200-2255 16 holes  
acidized w/500 gal 15% HCL  
frac w/38.5Mgal x-linked gel, 66M# 12/20  
Avg 30bpm 2050psi, ISIP 1510 15min 1380  
1-May-90 IP: Pumping 55 BO 10 BW 60 MCF 24 hrs 34 API 1090 GOR

13-Oct-92 7 Rivers Completion  
Set CIBP at 1850', ran correl log  
Perf 1744-46,51-64 1 SPF 17 holes  
acidized w/1500 gal 7.5% NEFE w/34 BS, ATP 1250, ISIP 1020 15min 900  
frac w/20Mgal x-linked gel, 30M# 20/40, 8M# 12/20  
Avg 18.3bpm 1409psi, ISIP 1290 15min 1174  
Test 1 BF w/ skim of oil and 2 MCF w/161 BLWTR

12-Dec-92 Commingle 7 Rivers and Queen  
RIH w/bailer and knocked plug lose at 1850'. Left bailer & wireline in hole  
fished 6 days. Got wireline & bailer out - est plug at 2389'

Plug is most likely still at 2389' lose

This will be a Unit producing well. The 7 Rivers perforations 1744'-1764'  
will be squeezed.

### TUBING STRING 12/12/92 Probable string

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
72	2-3/8 EUE 8rd J-55 4.7# Tbg	2269.00	8.00	2277.00
1	2-3/8 X 1-25/32 SN	1.10	2277.00	2278.10
1	Perf Sub	3.00	2278.10	2281.10
1	2-3/8 Mud Anchor	31.00	2281.10	2312.10

### ROD STRING 12/12/92 Probable string

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/ liner	16
0	3/4	Pony Rods	0
90	3/4	Rods	2250
1	2X1.5X12	RWTC pump w/1"x6' GA	12
			2278

TOC Surf  
Circ

# P.J. State B #3

GL: 3,369  
KB: 3,377  
TD: 2,400  
PBD: 2,360

Status: Active pumping

Perfs: 2240 - 2260

API: 30-015-26186

Fr. Wtr:  
Legal: 1,650 from N  
2,310 from W

NM Lse: B-7939-15

Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 11-F  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, ZDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55 new	377	300	12-1/4"	Surf	71' RM 5.5 yds
4-1/2"	11.60	J55	2,397	720	7-7/8"	Surf	Circ 10 sx

12-Oct-89 Spud well  
Fred Pool - P.J. State B #3

24-Oct-89 Queen Completion  
Perf 2240-2260 11 holes  
acidized w/1000 gal 7.5% HCL & 22 BS, Avg 3bpm 1600psi  
frac w/37.5Mgal YF130, 75.2M# 12/20  
Avg 20bpm 2200psi, ISIP 1950 15min 1480  
31-Jan-90 IP: Pumping 40 BO 2 BW 40 MCF 24 hrs 35 API 1,000 GOR

T Salt  
@376' 8 5/8"  
@377'

B Salt  
@1078'

Yates  
@1394'

7 Rivers  
@1618'

Queen  
@2200'

Queen Perfs  
2240 - 2260

Penrose  
@2378' 4-1/2"  
@2,397'

TD 2400

## TUBING STRING (assumed from orig tbg depth)

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
69	2-3/8 EUE 8rd J-55 4.7# Tbg	2167.00	8.00	2175.00
1	2-3/8 X 1-25/32 SN	1.10	2175.00	2176.10
1	Perf Sub	3.00	2176.10	2179.10
1	2-3/8 Mud Anchor	31.50	2179.10	2210.60

## ROD STRING (assumed from orig tbg)

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/ liner	16
0	3/4	Pony Rods	0
86	3/4	Rods	2150
1	2X1.25X12	RWTC pump w/1"x6' GA	12
			2178

TOC Surf  
Circ

T Salt  
@309'

7"  
@358'

B Salt  
@1146'

Yates  
@1421'

7 Rivers  
@1669'

Queen  
@2274'

4-1/2"  
@2,450'

TD 2452

Queen Perfs  
2305 - 2323

## P.J. State B #4

GL: 3,375  
KB: 3,383  
TD: 2,452  
PBD: 2,432  
Fr. Wtr:  
Legal: 1,650 from N  
990 from E  
Section: 11-H  
Township: 19S  
Range: 29E  
County: Eddy  
Status: Active pumping  
Perfs: 2305 - 2323  
API: 30-015-26193  
NM Lse: B-9735-15  
Field: Turkey Track (Sr-Qn-Gb-Sa)  
Logs: CNL, LDL, DLL  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7"	26.00		358	200	10"	Surf	55' RM 10 yds
4-1/2"	13.50		2,450	310	6-1/4"	Surf	Circ 11 sx

9-Dec-90 Spud well  
Fred Pool - P.J. State B #4

29-Jan-90 Queen Completion  
Perf 2305-2323 1 SPF 19 holes  
acidized w/1000 gal 15% HCL  
frac w/40Mgal YF130, 72M# 12/20, Avg 25bpm 2200psi, ISIP 2150 15min 1550  
1-Feb-90 IP: Pumping 35 BO 25 BW 15 MCF 24 hrs 35 API 429 GOR

### TUBING STRING (assumed from rods)

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
77	2-3/8 EUE 8rd J-55 4.7# Tbg	2384.00	8.00	2392.00
1	2-3/8 X 1-25/32 SN	1.10	2392.00	2393.10
1	Perf Sub	3.00	2393.10	2396.10
1	2-3/8 Mud Anchor	34.00	2396.10	2430.10

### ROD STRING 5/2/01

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/8' liner	16
5	3/4	Pony Rods 4,4,4,2,2	16
94	3/4	Rods	2350
1	2X1.25X10	RWTC pump w/1"x6' GA	10
			2392

TOC Surf  
Circ

## BBOC State #2

GL: 3,374  
KB: 3,382  
TD: 2,430  
PBD: 2,372

Status: Active pumping  
Perfs: 2222 - 2328, 1656 - 1688  
Qn and 7 Rivers commingled  
API: 30-015-26183

Fr. Wtr:  
Legal: 660 from N  
1,980 from E

NM Lse: B-9739  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 11-B  
Township: 19S  
Range: 29E  
County: Eddy

Logs: cased CNL, CBL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55 new	375	300	12-1/4"	Surf	Circ RM 8 yds
5-1/2"	17.00	K55 LT&C new	2,430	900	7-7/8"	Surf	Circ 75 sx

5-Oct-89 Spud well  
Myco - BBOC State #2

31-Oct-89 Queen and Middle Queen Completion  
Perf 2222,23,31,32,36,42,44,46,52,56,67,69,75, 2322,24,28 16 holes 0.42"  
acidized w/3250 gal 15% HCL  
frac w/57Mgal x-linked gel, 59.5M# 20/40, 55M# 12/20  
8-Nov-89 IP: Pumping 63 BO 0 BW 64 MCF 24 hrs 32 API 1,016 GOR

1-Dec-90 7 Rivers Completion  
Set RBP at 1800'  
Perf 1656,60,64,67,69,72,76,78,84,88 10 holes 0.4"  
acidized w/1500 gal 15% HCL  
frac w/40Mgal 40# x-linked gel, 44M# 20/40, 31M# 12/20  
3-Dec-90 IP: Pumping 3 BO 0 BW 125 MCF 24 hrs 41,700 GOR  
Pulled RBP at 1800' and put on pump

This will be a Unit producing well. The 7 Rivers perforations 1656'-1688' will be squeezed and a CIBP set at 2300' above the Middle Queen.

### TUBING STRING

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
0	2-3/8 EUE 8rd J-55 4.7# Tbg	0.00	8.00	8.00
0	2-3/8 X 1-25/32 SN	1.10	8.00	9.10

### ROD STRING

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod	0
0	3/4	Pony Rods	0
0	3/4	Rods	0
0	5/8	Rods	0
0	2X1.25X13	RHBC pump	0
			0

8 5/8"  
@375'

T Salt  
@370'

B Salt  
@1082'

Yates  
@1415'

7 Rivers  
@1656'

Queen  
@2215'

5-1/2"  
@2,430'

TD 2430

7 Rivers Perfs  
1656 - 1688

Queen Perfs  
2222 - 2275  
Middle Queen Perfs  
2322 - 2328

TOC Surf  
Circ

# BBOC State #4

GL: 3,380  
KB: 3,388  
TD: 2,854  
PBD: 2,791

Status: Active pumping  
Perfs: 2238 - 2272, 1633 - 1684  
Qn & 7 Rivers together  
API: 30-015-26234

Fr. Wtr:  
Legal: 2,310 from N  
990 from W

NM Lse: B-9739  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 11-E  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, LDL, DLL, CBL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	23.00	ST&C new	357	250	12-1/4"	Surf	45' RM 8 yds
5-1/2"	17.00	K55 LT&C new	2,854	800	7-7/8"	Surf	Circ 90 sx

22-Dec-89 Spud well  
Myco - BBOC State #4

8-Jan-90 Queen Completion  
Perf 2238,39,40,44,45,53,54,60,61,62,71,72 12 holes 0.42"  
acidized w/2500 gal 15% HCL  
frac w/53Mgal 30# x-linked gel, 80M# 20/40, 20M# 12/20

14-Jan-90 IP: Pumping 68 BO 0 BW 68 MCF 24 hrs 35 API 1,000 GOR

Jul-90 7 Rivers Completion  
Set RBP at 1800'  
Perf 1633,37,40,43,50,68,72,75,77,84 10 holes  
acidized w/1500 gal 15% HCL  
frac w/40Mgal 30# x-linked gel, 50M# 20/40, 28M# 12/20  
Pulled RBP at 1800'  
IP: Commingled Pumping 5 BO 0 BW 200 MCF 24 hrs 40,000 GOR

7 Rivers Perfs  
1633 - 1684

This will be a Unit producing well. The 7 Rivers perforations 1633'-1684' will be squeezed.

## TUBING STRING

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
0	2-3/8 EUE 8rd J-55 4.7# Tbg	0.00	8.00	8.00
0	2-3/8 X 1-25/32 SN	1.10	8.00	9.10

## ROD STRING

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod	0
0	3/4	Pony Rods	0
0	3/4	Rods	0
0	5/8	Rods	0
0	2X1.25X13	RHBC pump	0
			0

8 5/8"  
@357'

T Salt  
@363'

B Salt  
@1084'

Yates  
@1363'

7 Rivers  
@1608'

Queen  
@2229'

Penrose  
@2398'

Graybrg  
@2592'

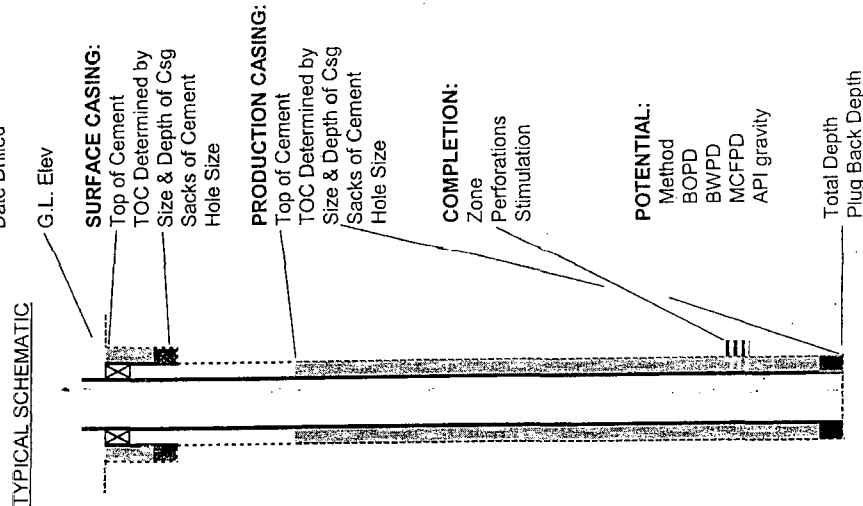
San And  
@2710'

5-1/2"  
@2,854'

TD 2854

Queen Perfs  
2238 - 2272

Operator Lease & Well # Location Sec.-Unit, Twp., Rge.	Jim Pierce Mountain States Fed #1 330' FSL 990' FEL 35-P, 18S, 29E	Snow Operating Co. Inc. State JL36 #3 1880' FSL 1980' FEL 36-J, 18S, 29E	Metex Pipe & Supply Wilson State #1 1650' FSL 990' FWL 36-L, 18S, 29E	Snow Operating Co. Inc. State JL36 #6 660' FSL 660' FWL 36-M, 18S, 29E	Snow Operating Co. Inc. State JL36 #2 660' FSL 1980' FWL 36-N, 18S, 29E
API#	30-015-25140	30-015-24915	30-015-24994	30-015-25106	30-015-24914
Date Drilled	Dec-84	Aug-84	Oct-84	Mar-85	Aug-84
G.L. Elev	3424'	3438'	3442'	3436'	3427'
<b>SURFACE CASING:</b>					
Top of Cement	Surface	Surface	Surface	Surface	Surface
TOC Determined by	2" 20sx, top w/Ready Mix	Top w/Ready Mix	Top w/Ready Mix	Circulated	Top w/Ready Mix
Size & Depth of Csg	8 5/8" @ 301'	8 5/8" @ 300'	8 5/8" @ 351'	8 5/8" @ 308'	8 5/8" @ 325'
Sacks of Cement	200	200	275	200	200
Hole Size	12 1/4"	12 1/4"	12 1/4" assumed	12 1/4"	12 1/4"
<b>PRODUCTION CASING:</b>					
Top of Cement	1107'	Surface	Surface	Surface	Surface
TOC Determined by	CBL	Calculated	Calculated	Circulated	Circulated
Size & Depth of Csg	5 1/2" @ 3503'	5 1/2" @ 2904'	5 1/2" @ 3000'	5 1/2" @ 2910'	5 1/2" @ 3250'
Sacks of Cement	543	700	800	875	700
Hole Size	7 7/8"	7 7/8"	7 7/8" assumed	7 7/8"	7 7/8"
<b>COMPLETION:</b>					
Zone	Qn (Unit)-Qn-GB-SA	Qn (Middle & Penrose)-GB	Qn (Penrose)-GB-SA	Qn (Unit)-7R-Qn-GB-SA	Qn (Middle)
Perforations	2252' - 3451'	2469' - 2794'	Pen 2464' - 2491'	1576' - 2845'	2408' - 2420'
Stimulation	A 5000 SF 85Mgal 119M#	A 500 SF 40Mgal ??M#	A 1000 SF 30Mgal 50M#	Frc 7R 65Mgal, Qn-Gb	A 2500 SF 40Mgal 62M#
<b>POTENTIAL:</b>					
Method	Pumping	Pumping	Pumping	Pumping	Pumping
BOPD	20	39	47	10	29
BWPD	30	10	7	158	2
MCFPD	32	TSTM	not reported	19	TSTM
API gravity	38	33.2	36.2	not reported	36.1
Total Depth	3505'	2904'	3050'	2920'	3250'
Plug Back Depth	3365'	2857'	2990'	2845'	3208'

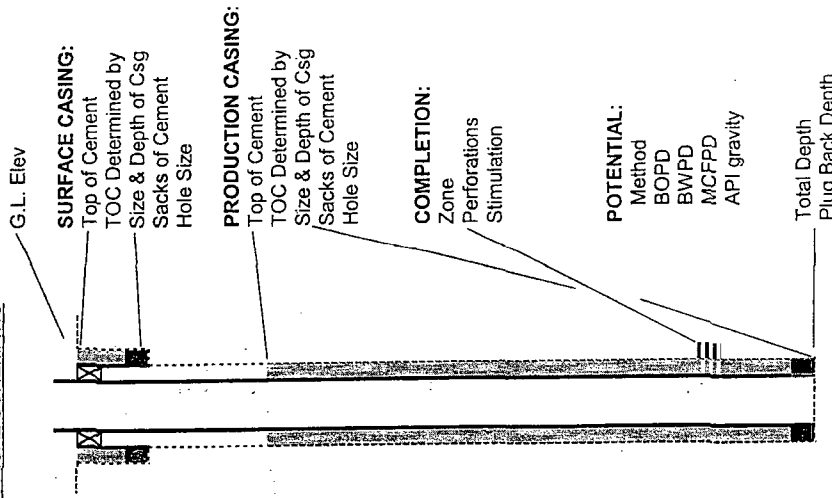


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Beach Exploration, Inc.  
Proposed Eastland Queen Unit  
Area of Review - Offset 2 String Wells  
Data Tabulation  
Form C-108, Item VI

Operator Lease & Well # Location Sec.-Unit, Twp., Rge.	MYCO Industries, Inc. Continental State #1 740' FNL 1205' FEL 10-A, 19S, 29E	MYCO Industries, Inc. Sand Dune State #3 1980' FSL 1980' FEL 11-J, 19S, 29E	MYCO Industries, Inc. Sand Dune State #1 1980' FSL 1980' FWL 11-K, 19S, 29E	MYCO Industries, Inc. Sand Dune State #6 1980' FSL 660' FWL 11-L, 19S, 29E	Jim Pierce State S #2 330' FNL 330' FEL 12-A, 19S, 29E
API#	30-015-03572	30-015-26311	30-015-26272	30-015-26476	30-015-03582
Date Drilled	Jul-49	Mar-90	Jan-90	Oct-90	Feb-51
G.L. Elev	3386'	3371'	3398'	3389'	3390'
SURFACE CASING:					
Top of Cement	No cmt	Surface	Surface	Surface	45'
TOC Determined by	Mud only	Top w/8 yds Ready Mix	Top w/14 yds Ready Mix	Circulated 25 sx	Calculated 50% excess
Size & Depth of Csg	8 5/8" @ 300'	8 5/8" @ 365'	11 3/4" @ 347'	8 5/8" @ 383'	8 5/8" @ 345'
Sacks of Cement	none	250 + 8 yds ready mix	250 + 14 yds ready mix	250	50
Hole Size	10"	12 1/4"	14 3/4"	12 1/4"	10"
PRODUCTION CASING:					
Top of Cement	450'	Surface	Surface	Surface	1550'
TOC Determined by	Calculated 50% excess	Circulated 95 sx	Circulated 150 sx	Circulated 95 sx	Calculated 50% excess
Size & Depth of Csg	7" @ 1524'	5 1/2" @ 2485'	5 1/2" @ 2559'	5 1/2" @ 2630'	7" @ 2182'
Sacks of Cement	100	550	2000	700	50
Hole Size	8"	7 7/8"	7 7/8"	7 7/8"	7 7/8" assumed
COMPLETION:					
Zone	7R	7R-Qn (Unit)	7R-Qn (Unit)	7R-Qn (Unit)	Lwr 7R-Qn (Unit)
Perforations	OH 1524' - 1697'	1671' - 1716', 2299' - 2354'	1686' - 1734', 2310' - 2354'	1655' - 1706', 2285' - 2306'	OH 2182' - 2443'
Stimulation	Shot w/130qts 1655' - 1697'	7R A1500 SF39Mgal 75M# Qn A1200 SF35Mgal 73M#	7R A1350 SF40Mgal 77M# Qn A1200 SF40Mgal 70M#	7R A1300 SF36Mgal 77M# Qn A1500 SF37Mgal 62M#	Shot w/70 qts solidified 2200' - 2215'
POTENTIAL:					
Method	Flowing	Pumping	Pumping	Pumping	Pumping
BOPD	50	7R-45, Qn-45	7R-15, Qn-36	7R-45, Qn-32	25
BWPD	not reported	7R-10, Qn-45	7R-NR, Qn-0	7R-2, Qn-48	not reported
MCFPD	250	7R-22, Qn-17	7R-1000, Qn-32	7R-300, Qn-10	10
API gravity	36	7R-NR, Qn-36	7R-NR, Qn-36	7R-NR, Qn-36	not reported
Total Depth	1697'	2490'	4865'	2636'	2443'
Plug Back Depth	1697'	2430'	2514'	2564'	2443'

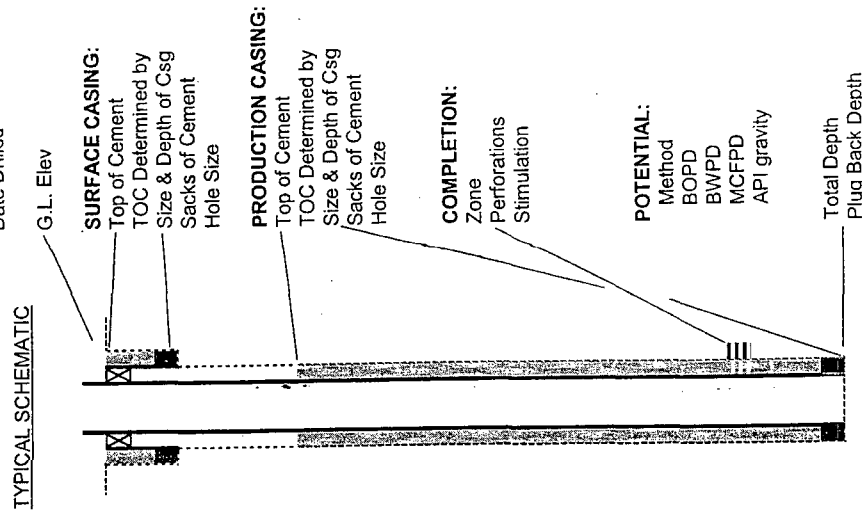
TYPICAL SCHEMATIC





Beach Exploration, Inc.  
Proposed Eastland Queen Unit  
**Area of Review - Offset 2 String Wells**  
Data Tabulation  
Form C-108, Item VI

Operator Lease & Well # Location Sec.-Unit, Twp., Rge.	API#	Date Drilled	G.L. Elev	Operator Lease & Well # Location Sec.-Unit, Twp., Rge.	API#	Date Drilled	G.L. Elev	Operator Lease & Well # Location Sec.-Unit, Twp., Rge.	API#	Date Drilled	G.L. Elev
Parrish, H Dwayne & Rhondak State T #1 1650' FNL 990' FWL 12-E, 19S, 29E	30-015-03581	Sep-56	3393'	Parrish, H Dwayne & Rhondak State T #2 1650' FNL 330' FWL 12-E, 19S, 29E	30-015-26378	Jun-90	3388'	Parrish, H Dwayne & Rhondak State T #1 1650' FNL 990' FWL 12-E, 19S, 29E	30-015-03581	Sep-56	3393'
Jim Pierce Keohane Fed #1 330' FSL 330' FWL 6-M, 19S, 30E	30-015-04591	Mar-50	3390'	Jim Pierce Keohane Fed #1 330' FSL 330' FWL 6-M, 19S, 30E	30-015-04591	Mar-50	3390'	Jim Pierce Keohane Fed #1 330' FSL 330' FWL 6-M, 19S, 30E	30-015-04591	Mar-50	3390'
200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed
1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed
Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'
Pumping 30 not reported 10 not reported	Pumping 30 not reported 10 not reported	Pumping 30 not reported 10 not reported	Pumping 30 not reported 10 not reported	Pumping 30 not reported 10 not reported	Pumping 30 not reported 10 not reported	Pumping 30 not reported 10 not reported	Pumping 30 not reported 10 not reported	Pumping 30 not reported 10 not reported	Pumping 30 not reported 10 not reported	Pumping 30 not reported 10 not reported	Pumping 30 not reported 10 not reported
2250' 2244'	2250' 2244'	2250' 2244'	2250' 2244'	2250' 2244'	2250' 2244'	2250' 2244'	2250' 2244'	2250' 2244'	2250' 2244'	2250' 2244'	2250' 2244'



Operator  
Lease & Well #  
Location  
Sec.-Unit, Twp., Rge.

Mewbourne Oil Co.  
Bradley 36 State Com #1  
1650' FSL 1650' FEL  
36-J, 18S, 29E

Chi Operating, Inc.  
Giblet State #1  
660' FNL 1650' FWL  
1-C, 19S, 29E

Chisos, LTD  
State HL 2 #1Y  
2090' FNL 1870' FWL  
2-F, 19S, 29E

Snow Operating Co. Inc.  
New Mexico CZ State #1  
1980' FSL 810' FEL  
2-I, 19S, 29E

API# 30-015-34893 30-015-30513 30-015-23065 30-015-23962 30-015-23625

Date Drilled

Dec-06

Dec-98

Oct-81

Nov-81

# TYPICAL SCHEMATIC

G.L. Elev

3437'

3420'

3403'

3364'

**SURFACE CASING:**  
Top of Cement  
TOC Determined by  
Size & Depth of Csg  
Sacks of Cement  
Hole Size

Surface  
Circulated 8 sx  
13 3/8" @ 315'  
580, 1" 340  
17 1/2"

Surface  
Top w/40 yds Ready Mix  
13 3/8" @ 320'  
415, 1" 400, 40yds RM  
17 1/2"

Surface  
Top w/6 yds Ready Mix  
13 3/8" @ 330'  
450  
17 1/2"

Surface  
90', 1", pea grv, then 1"  
13 3/8" @ 341'  
300, 1"-60, pea grv, 1"-60  
17 1/2"

**INTERMEDIATE CASING:**  
Top of Cement  
TOC Determined by  
Size & Depth of Csg  
Sacks of Cement  
Hole Size

Surface  
Circulated 93 sx  
9 5/8" @ 3360'  
1400  
12 1/4"

Surface  
Circulated 102 sx  
8 5/8" @ 3010'  
900  
11"

Surface  
Circulated 75 sx  
9 5/8" @ 2781'  
1900  
12 1/4"

Surface  
Circulated 675 sx  
9 5/8" @ 4143'  
2900  
12 1/4"

**PRODUCTION CASING:**  
Top of Cement  
TOC Determined by  
Size & Depth of Csg  
Sacks of Cement  
Hole Size

1050'  
CBL  
4 1/2" @ 11,800'  
1975  
8 3/4"

7370'  
CBL  
5 1/2" @ 11,763'  
600 DV @ 10,354 w/600  
7 7/8"

7800'  
Calculated  
5 1/2" @ 11,589'  
1150  
8 1/2"

Unknown  
DV tool depth not reported  
7" @ 11,800'  
1050 DV @ ?? w/600  
8 3/4"

**COMPLETION:**  
Zone  
Perforations  
Stimulation

Morrow  
11,584' - 11,604'  
Natural

Morrow, Atoka & Atoka AE  
10,889-94'; 10,944-46,56-62'  
11,294-98, 11,314-56  
Natural

Atoka  
10,818' - 10,989'  
A 2000 & 80MCF N2

Morrow  
11,424' - 11,579'  
A 18000 SF 20Mgal gel,  
10Mgal CO2, 35M#

**POTENTIAL:**  
Method  
BOPD  
BWPD  
MCFPD  
API gravity

Flowing  
5  
1  
557  
48

Flowing  
15  
0  
593  
56

Flowing  
32  
0  
5,310  
52

Not reported  
Not reported  
Not reported  
Not reported

Flowing  
0  
0  
N/A  
2592 AOF

Total Depth  
Plug Back Depth

11,804'  
11,710'

12,000'  
11,359'

11,763'  
11,721'

11,589'  
11,010'

11,800'  
11,709'

**Area of Review - Offset 3 String Wells**

Data Tabulation

Form C-108, Item VI

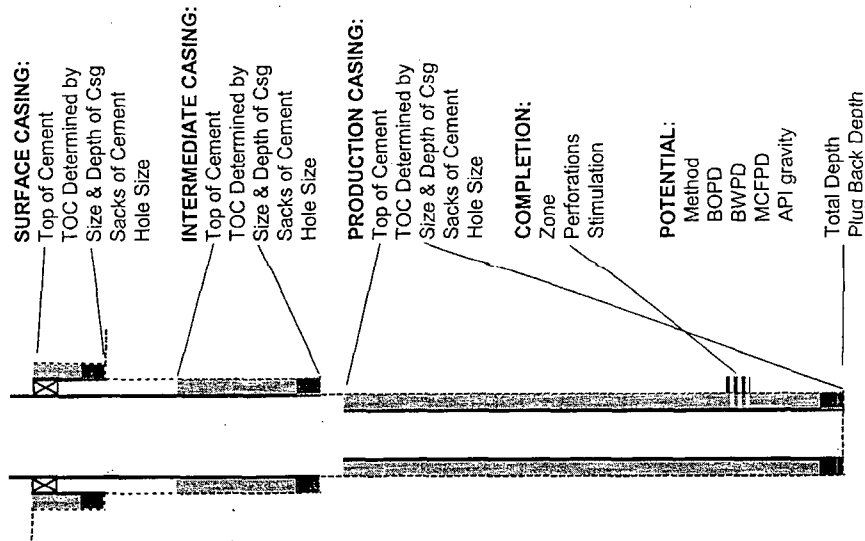
Operator  
Lease & Well #  
Location  
Sec.-Unit, Twp., Rge.

API#

Date Drilled

G.L. Elev

**TYPICAL SCHEMATIC**



JKM Energy, LLC Stelson 2 State Com #1 990' FSL 990' FWL 2-M, 19S, 29E	Snow Oil & Gas, Inc. Read and Stevens State #1 1650' FNL 990' FEL 10-H, 19S, 29E	Chisos, LTD Spur 11 State Com #1 660' FNL 660' FWL 11-D, 19S, 29E	Edge Petr. Oper Co., Inc. Southwest TT 11 State #1 1830' FSL 860' FWL 11-L, 19S, 29E	Parrish, H Dwayne & Rhondak Schoonmaker State #4 2310' FSL 440' FWL 12-L, 19S, 29E
30-015-31012	30-015-22122	30-015-30996	30-015-32804	30-015-26019
Jun-00	Apr-77	Apr-00	Dec-03	Nov-88
3368'	3381'	3364'	3388'	3375'
Surface Top w/15yds Ready Mix 11 3/4" @ 370' 600, 1"-50, 15yd Ready Mix 14 3/4"	Surface Top w/7 yds Ready Mix 14" @ 77' 7 yds Ready Mix 17 1/2"	Surface Top w/15yds Ready Mix 11 3/4" @ 357' 260, 1"-75, 15yd Ready Mix 14 3/4"	Surface Circulated 13 3/8" @ 258' 480 17 1/2"	Surface Top w/5 yds Ready Mix 10 3/4" @ 300' 300 15"
Surface Circulated 325' sx 8 5/8" @ 3000' 1200 11"	Surface Top w/ Ready Mix 8 5/8" @ 342' 100 11"	Surface Circulated 198' sx 8 5/8" @ 2996' 1300 11"	Surface Circulated 9 5/8" @ 3068' 1250 12 1/4"	Surface Circulated 100' sx 7" @ 1230' 400 10"
7765' CBL 5 1/2" @ 11,629' 745 7 7/8"	990' CBL 4 1/2" @ 3307' 675 7 7/8"	8000' Calculated 5 1/2" @ 11,650' 658 7 7/8"	Unknown Cmt not circ, Calc Surface 5 1/2" @ 11,635' 900 DV @ 9016 w/1750 8 1/2" Cmt circ to DV 1st stage	1150' Calculated 4 1/2" @ 2624' 150 6 3/4" assumed
Atoka 10,810' - 10,819' A 1000 1.5MCF N2	GB 2633' - 2635' A 500, SF 30Mgal 35M#	Atoka 10,756' - 10,820' Natural	Morrow 11,430' - 11,471' Natural	7R-Qn (Unit)-Qn (Penrose) 2305' - 2418' SF 30Mgal 34.5M# 2555' - 2571' A 750 SF 15Mgal ??M#
Flowing 0 0 147 N/A	Pumping 20 5 TSTM 35	Not reported Not reported Not reported Not reported	Flowing 68 Not reported 2247 49	Pumping 3 12 TSTM 37
11,630' 11,180'	3320' 2750'	11,650' 11,000'	11,636' 11,595'	2624' 2584' assumed

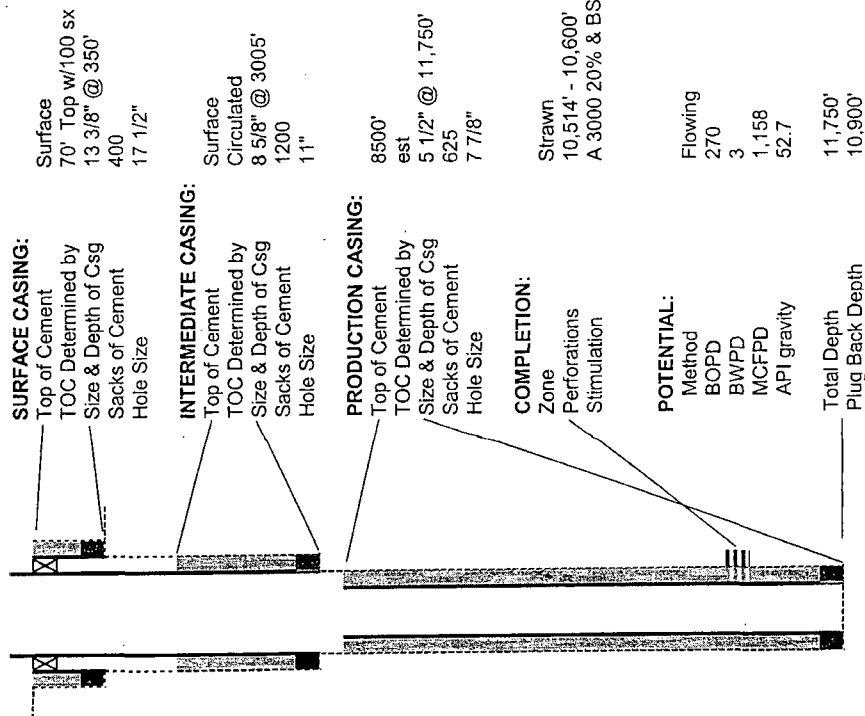
Operator  
Lease & Well #  
Location  
Sec.-Unit, Twp., Rge.  
API#

Chisos, LTD  
Wishbone Fed Com #1  
2000' FSL 680' FWL  
6-L, 19S, 30E  
30-015-30640

Date Drilled  
G.L. Elev

Jul-00  
3414'

TYPICAL SCHEMATIC



Beach Exploration, Inc.

Proposed Eastland Queen Unit

**Area of Review - Plugged Wells (wellbore schematics attached)**

Form C-108, Item VI

<u>Operator</u>	<u>Lease &amp; Well #</u>	<u>Location</u>	<u>Sec.-Unit, Twp., Rge.</u>
1. Myco Industries, Inc.	Gopher Gulch State #1	990' FSL 990' FEL	36-P, 18S, 29E
2. Elliott Oil Company	E.M. Elliott #5	990' FSL 990' FWL	31-M, 18S, 30E
3. Roach & Shepard Drlg Co.	Elliott #1	330' FSL 330' FWL	31-M, 18S, 30E
4. Leonard Oil Company	Keohane #2	1650' FSL 1650' FWL	6-K, 19S, 30E
5. Jim Pierce	Leonard State #4	1650' FSL 330' FEL	1-I, 19S, 29E
6. Ashman & Hilliard No. 3 Ltd.	Leonard State #1-1	660' FSL 660' FWL	1-M, 19S, 29E
7. Ashman & Hilliard No. 3 Ltd.	Leonard State #1A-1	610' FSL 660' FWL	1-M, 19S, 29E
8. Herman J. Ledbetter	Leonard State #1	330' FSL 1650' FEL	1-O, 19S, 29E
9. Jim Pierce	Leonard A State #1	330' FNL 1650' FEL	12-B, 19S, 29E
10. Chemical Express	Leonard State #3	330' FNL 2310' FWL	12-C, 19S, 29E
11. Tenneco	State HL2 #1	1980' FNL 1980' FWL	2-F, 19S, 29E
12. Leonard Oil Company	State B7717 #1	1980' FSL 660' FEL	2-I, 19S, 29E
13. Tenneco	State B7717 #2	330' FSL 330' FWL	2-M, 19S, 29E
14. Marbob Energy Corp.	Turkey Track Sec 3 Unit #28	330' FSL 330' FEL	3-P, 19S, 29E
15. Stanley L. Jones	Powell #1	1650' FNL 330' FEL	10-H, 19S, 29E
16. Leonard Oil Company	State B-9739 #1-D	330' FNL 990' FWL	11-D, 19S, 29E
17. Myco Industries, Inc.	Sand Dune State #2	1980' FSL 660' FEL	11-I, 19S, 29E

10sx surf

TOC Surf  
CircT Salt  
@369'10-3/4"  
@368'Perf at 365'  
Sqz w/35sxB Salt  
@1160'Yates  
@1376'7 Rivers  
@1654'Queen  
@2378'Penrose  
@2552'Grayburg  
@2730'San And  
@2874'5-1/2"  
@3,508'

TD 3512

TOC  
1024' by CBL15sx cmt on top  
CIBP at 1150'15sx cmt on top  
CIBP at 1650'  
7 Rivers Perfs  
1662 - 1829Queen Perfs  
2484 - 2496Penrose Perfs  
2559 - 2587Grayburg Perfs  
2813 - 2823

## Gopher Gulch State #1

GL: 3,034  
KB: 3,042  
TD: 3,512  
PBD: 3,482Status: P&A  
Perfs:

API: 30-015-24909

Fr. Wtr:  
Legal: 990 from S  
990 from E

NM Lse: B-6811

Field:

Logs: CNL, LDT, DLL

Section: 36-P  
Township: 18S  
Range: 29E  
County: Eddy

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
10-3/4"	40.50	K55	368	325	14-3/4"	Surf	50' RM 4 yds
5-1/2"	15.50	J55 LT&C	3,508	525	7-7/8"	1024'	CBL

4-Jul-84 Spud well  
Myco Industries, Inc. - Gopher Gulch State #120-Sep-84 Queen and Grayburg Completion  
Perf 2484-96 10 holes 0.42" - acidized w/2000 gal 15% NEFE  
frac w/20.7Mgal 70 qual foam, 25M# 20/40, 3325 gal Methanol, 295 SCF N2  
Perf 2813 - 2823 10 holes 0.42" - acidized w/1000 gal 15% NEFE  
frac w/20Mgal gelled KCL, 26.75M# 20/40  
IP: Pumping 30 BO 3 BW TSTM MCF 24 hrs 30 API25-Sep-84 Penrose Completion  
Perf 2559 - 2587 10 holes 0.42" - acidized w/2000 gal 15% NEFE  
frac w/20Mgal 2% KCL, 33.25M# 20/40  
IP: Pumping - no separate test30-Nov-84 7 Rivers Completion  
Perf 1662 - 1829 32 holes 0.41" - acidized w/4000 gal 15%  
frac w/80Mgal gel 2% KCL, 180m# 12/2021-May-91 P&A - MYCO  
CIBP at 1650' w/15sx on top  
CIBP at 1150' w/15sx on top  
Perf 5 1/2 at 365' and sqz w/35sx  
set 10sx surf plug and installed reg marker

10sx surf

25sx plug  
204 - 4508-5/8"  
@390'T Salt  
@396'25sx plug  
1004 - 1250B Salt  
@1173'Yates  
@1460'7 Rivers  
@1710'25sx plug  
2171 - 2417Queen  
@2405'

CIBP at 2417'

Penrose  
@2590'Grayburg  
@2784'San And  
@2932'5-1/2"  
@3,065'

TD 3065

TOC Surf  
Circ

## E.M. Elliott #5

GL: 3,423  
KB: 3,431  
TD: 3,065  
PBD: 2,991Status: P&A  
Perfs:

API: 30-015-25396

Fr. Wtr:  
Legal: 990 from S  
990 from WNM Lse: NM-27279  
Field:Section: 31-M  
Township: 18S  
Range: 30E  
County: Eddy

Logs: CNL,FDC,DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		390	350	12-1/4"	Surf	Circ 2sx
5-1/2"	15.50	J55	3,065	1,700	7-7/8"	Surf	Circ 60sx

11-Sep-85 Spud well  
Elliott Oil Company - E.M. Elliot #519-Oct-85 Middle Queen, Penrose, Lwr Queen, Grayburg Completion

Middle Qn - Perf 2517-2521

Penrose - Perf 2601-2608

Lwr Queen - Perf 2644-2698

acidize above w/1500 gal 15% NEFE

Lwr Queen - Perf 2749-2782

Grayburg - Perf 2826-2912

acidize Lwr Qn &amp; Grayburg w/2000 gal 15% NEFE

28-Oct-85 IP: Pumping 10 BO 25 BW TSTM MCF 24 hrs

5-Jan-00 P&A - Elliott Oil Co

CIBP at 2417' w/25sx 2171 - 2417'

25sx plug 1004' - 1250'

25sx plug 204 - 450

10sx surface plug at 60', install marker

Middle Queen Perfs

2517 - 2521

Penrose Perfs

2601 - 2608

Lwr Queen Perfs

2644 - 2782

Grayburg Perfs

2826 - 2912

Unitized Queen not Perforated

TOC 75'  
Calc 50% excess

8-5/8"  
@355'

T Salt  
@347'

B Salt  
@1168'

Yates  
@1380'

7 Rivers  
@1750'

Queen  
@2415'

## Elliot #1

GL: 3,431  
KB:  
TD: 4,280  
PBD:  
Fr. Wtr:  
Legal: 330 from S  
330 from W  
Section: 31-M  
Township: 18S  
Range: 30E  
County: Eddy  
Status: P&A  
Perfs:  
API: 30-015-  
NM Lse:  
Field:  
Logs:  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"			355	50	10" ?	75'	Calc 50% ex

6-Aug-50 Spud well  
Roach & Shepard Drilling Co. - Elliot #1

23-Oct-50 D&A  
Drld to TD 4280 and plugged - no plugging record

Field Inspection - has a marker

No Records on State Website  
(only Scout Tickets available)  
Plugging Detail ??  
Field Inspection - well has a  
marker

TD 4280



5 sx surf

TOC 50'

Calc surf

8-5/8"  
@284'10sx plug  
270 - 300T Salt  
@360'B Salt  
@1265'Yates  
@1475'Queen  
@2458'

TD 2537

## Keohane #2

GL: 3,407

KB:

TD: 2,537

PBD:

Fr. Wtr:

Legal: 1,650 from S  
1,650 from W

Section: 6-K

Township: 19S

Range: 30E

County: Eddy

Status: P&amp;A

Perfs:

API: 30-015-04592

NM Lse:

Field:

Logs: No logs

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"			284	50	10" ?	est 50'	Calc Surf
7"			2,061	none	8"	Probably pulled mud string	

13-Nov-58 Spud well  
Leonard Oil Company - Keohane #217-Dec-58 D&A - Leonard Oil Co  
20sx plug 2250 - 2350  
30sx plug 1250 - 1350  
10sx plug 270 - 300  
5sx surface plug w/reg marker30sx plug  
1250 - 135020sx plug  
2250 - 2350

TOC Surf  
Circ

7-5/8"  
@363'

T Salt  
@410'

B Salt  
@1220'

Yates  
@1475'

7 Rivers  
@1795'

Queen  
@2219'

Penrose  
@2404'

4-1/2"  
@2,447'

TD 2447

TOC 2075'  
Calc 50% excess

Queen Perfs  
2220 - 2252

## Leonard State #4

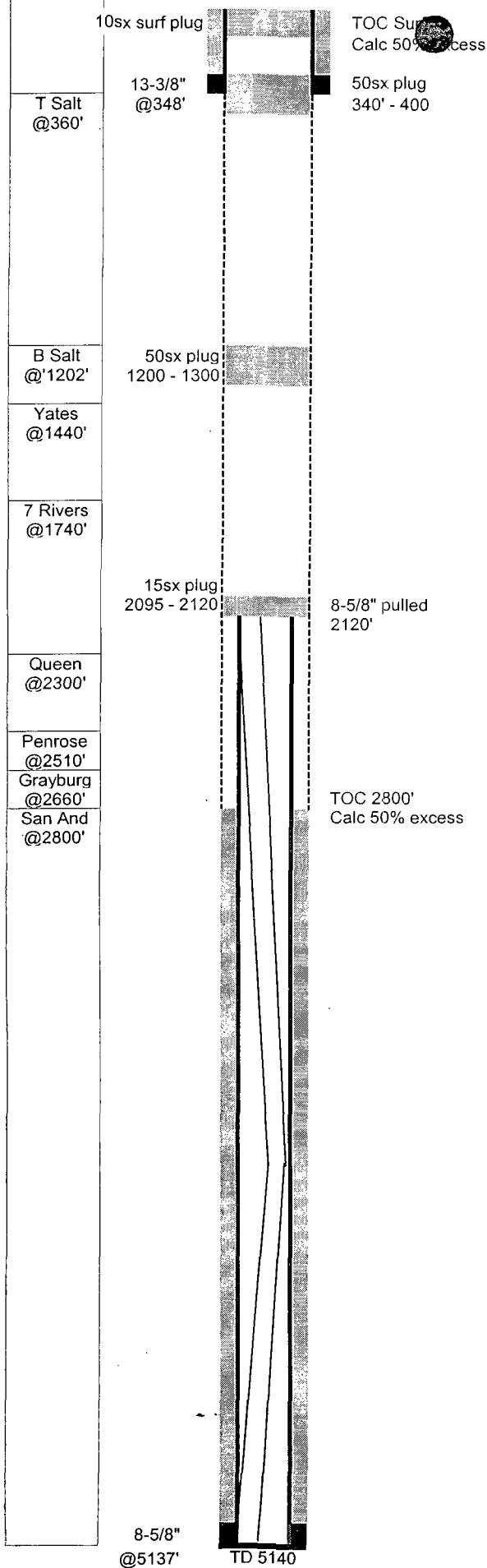
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KB:  
TD: 2,447  
PBD:  
Fr. Wtr:  
Legal: 1,650 from S  
330 from E  
Status: P&A  
Perfs:  
API: 30-015-03539  
NM Lse: B-7717  
Field:  
Logs: Radioactive Log  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7-5/8"	20.00		363	150	10"	Surf	Circulated
4-1/2"	9.50	J55	2,447	100	8"	2075'	Calc 50% ex

13-Jul-62 Spud well  
Chemical Express, Inc. - Leonard State #4  
17-Jul-62 Queen Completion  
Perf 2220 - 2252  
frac w/21Mgal oil, 31M# sand  
25-Jul-62 IP: Pumping 44 BO 0 BW NR MCF 24 hrs 35 API  
13-Nov-70 Note in file - before inj OCD required to pump 1" outside surf csg, est TOC 100'  
1-Apr-71 Start injection w/packer at 2200'  
9-Sep-85 TA'd  
20-May-86 C103 intent to sqz cmt down csg w/surf annulus open - OCD not approved  
1-Aug-01 Jim Pierce became operator  
4-Oct-03 Last C103 shows marker installed and loc cleaned up, still no plugging detail

NO PLUGGING RECORDS  
field inspection well has a marker

No Plugging Records on State  
Website  
Field Inspection - well has a  
marker



## Leonard State #1-1

GL: 3,379  
KB:  
TD: 5,140  
PBD:  
Fr. Wtr:  
Legal: 660 from S  
660 from W  
Section: 1-M  
Township: 19S  
Range: 29E  
County: Eddy

Status: P&A  
Perfs:  
API: 30-015-03536  
NM Lse: B-7717  
Field:  
Logs: Radioactivity log  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
13-3/8"	48.00		348	350	17-1/2"	Surf	Calc 50%-exc
8-5/8"	32 & 36		5,137	675	11"	2800'	Calc 50% exc

2-Jun-60 Spud well  
**Ashman & Hilliard No. 3 Ltd. - Leonard State #1-1**

27-Jun-60 Well Junked and Abandoned at 5140' - Ashman & Hilliard  
Unable to get below 2120' because of junked drill pipe and drill collars  
Cut recovered 8-5/8" at 2120'  
15sx plug 2095 - 2120  
50sx plug 1200 - 1300  
50sx plug 340-400  
10sx surf plug and installed marker

10sx surf plug

TOC Surf  
Calc 50% excess

## Leonard State #1A-1

GL: 3,379

Status: P&amp;A

KB:

Perfs:

TD: 12,666

API: 30-015-03537

PBD:

Fr. Wtr:

NM Lse: B-7717

Legal:

610 from S  
660 from W

Field:

Section: 1-M

Logs: No logs

Township: 19S

Range: 29E

County: Eddy

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
13-3/8"	48.00		348	350	17-1/2"	Surf	Calc 50% exc
8-5/8"	32 & 36		5,100	700	11"	2675'	Calc 50% exc
					7-7/8"		

28-Jun-60 Spud well

Ashman &amp; Hilliard No. 3 Ltd. - Leonard State #1A-1

7-Sep-60

Drilled to 12,666' and Abandoned - Ashman & Hilliard

Cut and recovered 1539' of 8-5/8" csg

25sx plug 12,574 - 12,666

20sx plug 10,534 - 10,600

20sx plug 5044 - 5100

15sx plug 1515 - 1539

50sx plug 1170 - 1250

50sx plug 340 - 400

10sx surface plug and marker

T Salt  
@380'13-3/8"  
@348'50sx plug  
340' - 400B Salt  
@'1100'50sx plug  
1170 - 1250Yates  
@1330'15sx plug  
1515 - 15398-5/8" cut off  
1539'7 Rivers  
@1690'Queen  
@2290'Penrose  
@2500'Grayburg  
@2600'San And  
@2800'TOC 2675'  
Calc 50% excess

Missing Section

8-5/8"  
@5100'20sx plug  
5044 - 510020sx plug  
10,534-10,60025sx plug  
12,574-12,666

TD 12,666

Surf plug  
0 - 77

TOC 155'  
Calc 50% excess

25sx plug  
242 - 350

7-5/8"  
@360'

4-1/2" cut off  
331'  
TOC 335'  
Calc 50% excess

T Salt  
@325'

25sx plug  
1150 - 1350

B Salt  
@1200'

25sx plug  
1850 - 2050

7 Rivers  
@1900'

7 Rivers Perfs  
1944 - 1954  
Sqz'd

Lwr 7 Rivers Perfs  
2190 - 2220

4-1/2"  
@2250'

TD 2263

## Leonard State #1

GL: 3,400  
KB:  
TD: 2,263  
PBD:  
Fr. Wtr:  
Legal: 330 from S  
1,650 from E  
Status: P&A  
Perfs:  
API: 30-015-03538  
NM Lse: B-7717  
Field:  
Logs: No logs  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7-5/8"	20.00	J55	360	50	9-7/8"	155'	Clac 50% exc
4-1/2"	9.50	J55	2,250	310	6-3/4"	335'	Calc 50% exc

14-Apr-62 Spud well  
**Chemical Express, Inc. - Leonard State #1**

25-May-62 **Lwr 7 Rivers Completion**  
Perf 2190 - 2220 Natural  
IP: Pumping 44 BO 0 BW NR MCF 24hrs 35 API

18-Oct-63 **7 Rivers Completion**  
Set plug at 2050'  
Perf 1944 - 1954 acidized w/2500 gal  
No production

20-Jan-64 **Back to Lwr 7 Rivers Completion**  
Sqz perfs 1944 - 1954  
Drld plug at 2050  
Chemical treat perf 2190 - 2220 got 26 BOPD

28-May-87 **P&A - Herman J. Ledbetter**  
25sx plug 1850 - 2050  
25sx plug 1150 - 1350  
Cut and pull 4 1/2" csg above cmt at 331'  
25sx plug 242 - 350  
Surf plug 77' to surf (sx not reported) set marker

Queen Unitized Interval not  
Penetrated

TOC Sur  
Circ

# Leonard A State #1

GL: 3,399  
KB: 3,409  
TD: 2,287

Status: P&A  
Perfs:

API: 30-015-03603

PBD:  
Fr. Wtr:

Legal: 330 from N  
1,650 from E

NM Lse:  
Field:

Section: 12-B  
Township: 19S  
Range: 29E  
County: Eddy

Logs: Radioactivity log

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7-5/8"	20.00	J55	386	150	10"	Surf	Circulated
4-1/2"	9.50	J55	2,287	100	8"	1900'	Calc 50% ex

25-Jun-62 Spud well  
Chemical Express, Inc. - Leonard A State #1

4-Jul-62 Lwr 7 Rivers Completion

Perf 2210 - 2230

Jul-62 IP: Pumping 44 BO 0 BW NR MCF 24hrs 35 API

1-Aug-74 Well SI

23-Jun-03 P&A Intent C103 Jim Pierce

CIBP at 2121' w/10sx on top

Perf & Sqz 1270' w/100 sx w/CR at 1170

Perf & Sqz 437' w/100 sx w/CR at 300

21sx plug 100 - 300 tag

60' cmt outside of 4 1/2" csg 0 - 60

2-Oct-03 Cut off wellhead, latched onto 4 1/2" csg backed off at 252', ready mix to surface w 2 yds, inspected by Mike Bratcher, set dry hole marker

21-Nov-05 OCD inspection - bullet hole in dry hole marker spraying oil & water ???

20-Jan-06 Last correspondence from Jim Pierce saying plugged properly and to talk

T Salt  
@400'

7-5/8"  
@386'

B Salt  
@1220'

Yates  
@1450'

7 Rivers  
@1820'

TOC 1900'  
Calc 50% excess

Lwr 7 Rivers Perfs  
2210 - 2230

4-1/2"  
@2287'

TD 2287

Queen Unitized Interval not  
Penetrated  
No Plugging Confirmation -  
Unresolved on State Website

50sx plug  
Surface

7 5/8" csg  
cut off 130'

7-5/8"  
@375'

T Salt  
@400'

B Salt  
@'1187'

Yates  
@'1505'

7 Rivers  
@1770'

Queen  
@2342'

Penrose  
@2538'

25sx plug  
2578'

TD 2578

TOC 131'  
Csg pulled 130'

25sx plug  
400'

## Leonard State #3

GL: 3,399  
KB:  
TD: 2,578  
PBD:  
Fr. Wtr:  
Legal: 330 from N  
2,310 from W  
Section: 12-C  
Township: 19S  
Range: 29E  
County: Eddy  
Status: P&A  
Perfs:  
API: 30-015-03580  
NM Lse: B-7717  
Field:  
Logs: Radioactivity log  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7-5/8"	20.00		375	50	9-7/8" 6-3/4"	130'	130' csg pulled

10-Sep-62 Spud well  
Chemical Express, Inc. - Leonard State #3

28-Oct-62 Drilled to 2578' and Abandoned - Chemical Express  
Well was dry  
25sx plug at 2578  
25sx plug at 400  
8-5/8" csg cut and pulled at 130'  
50sx plug at surface w/steel marker

150 yds ready mix  
at surface



TD 390'

T Salt  
@340'

B Salt  
@'

Yates  
@

7 Rivers  
@

Queen  
@

Penrose  
@

## State HL2 #1

GL: 3,392  
KB:  
TD: 390  
PBD:  
Fr. Wtr:  
Legal: 1,980 from N  
1,980 from W  
Section: 2-F  
Township: 19S  
Range: 29E  
County: Eddy

Status: P&A  
Perfs:  
API: 30-015-23727  
NM Lse: B-9739-15  
Field:  
Logs:  
Archeological:

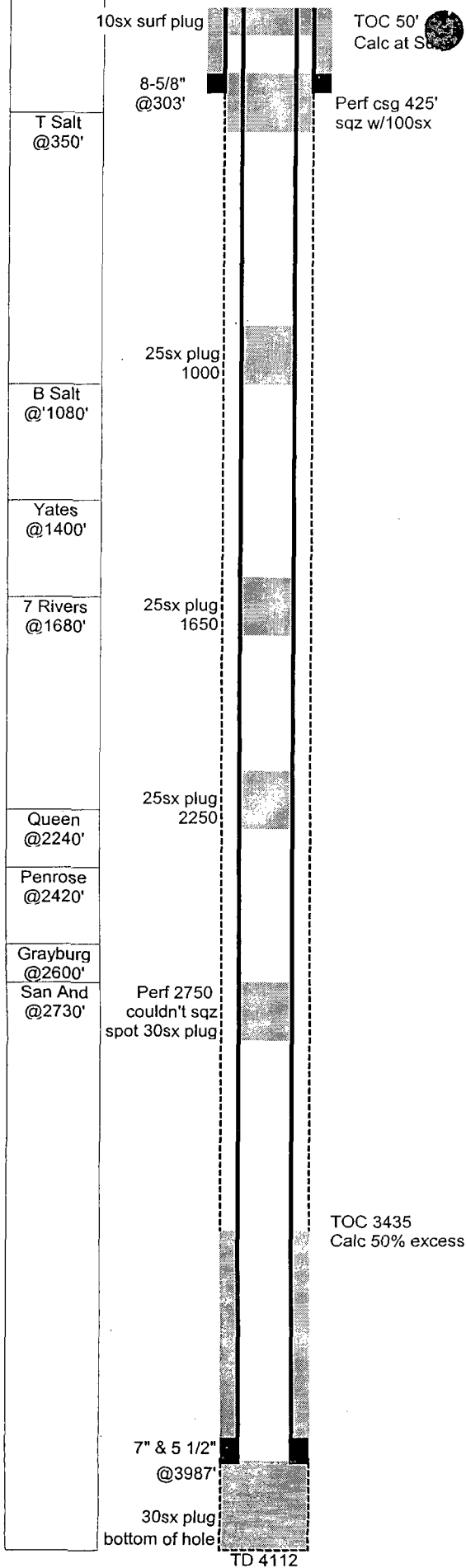
Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
			150 yds ready mix		17-1/2"	Surf	

31-Oct-81 Spud well  
Tenneco Oil Company - State HL2 #1

28-Oct-62 Drilled to 390' and Abandoned - Tenneco  
attempted to run 13 3/8" csg to 390', discovered sink hole under substructure 25-30' deep and 20' in diameter. RD MO. Filled cavern w/150 yds ready mix put 10yds topsoil over cmt plug and filled conductor to surf w/6 yds ready mix ready mixed rat and mouse hole to surf

Queen Unitized Interval not  
Penetrated





# State 7717 #1

GL: 3,367  
 KB: 4,112  
 TD: 4,112  
 PBD:  
 Fr. Wtr:  
 Legal: 1,980 from S  
 660 from E  
 Section: 2-I  
 Township: 19S  
 Range: 29E  
 County: Eddy

Status: P&A  
 Perfs:  
 API: 30-015-03544  
 NM Lse: B-7717  
 Field:  
 Logs: No logs  
 Archeological:

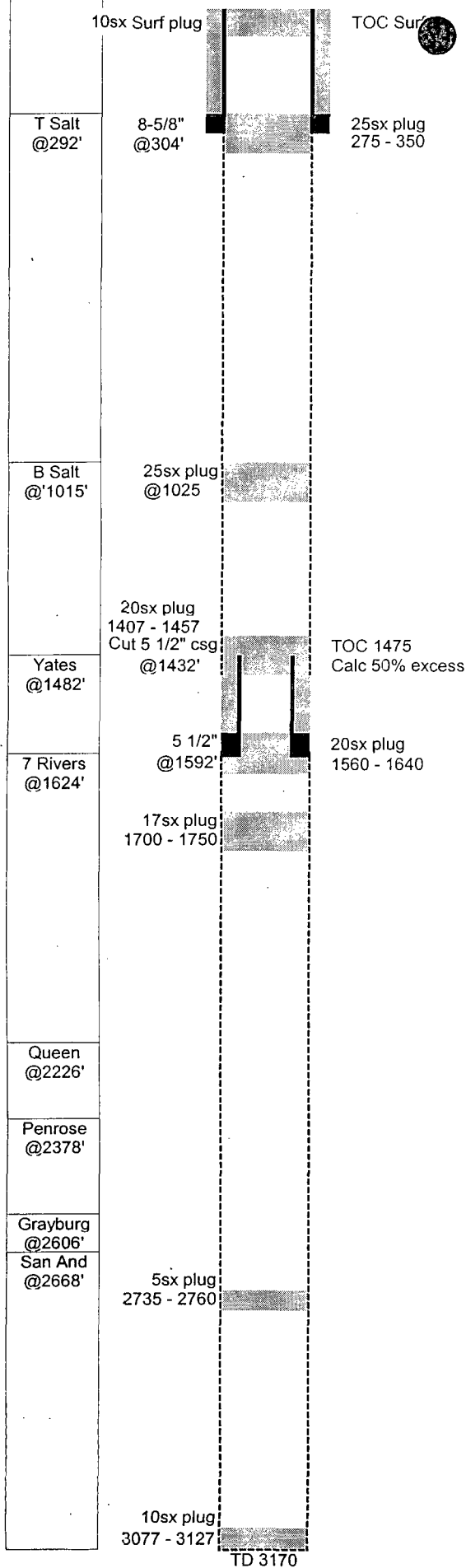
Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		303	50	10"	Prob 50'	Calc Surface
7" & 5- 1/2"	20 & 17	7-3147-840	3,987	130	8"	3435'	Calc 50% ex

17-Feb-48 Spud well  
 Leonard Oil Company - State B7717 #1

27-May-52 Completion  
 OH 3987 - 4112  
 Chem treat shot OH

26-May-53 P&A - Leonard Oil Co  
 30sx plug in bottom of hole  
 mudded to surface and put a marker at surface

3-Feb-96 P&A again NM State  
 P&A marker was leaking fluids  
 RIH to 2809 without tagging any plugs  
 Perf at 2750 to sqz couldn't sqz and spotted 30sx plug across perf  
 25sx plug at 2250  
 25sx plug at 1650  
 25sx plug 1000  
 Perf csg at 425' and sqz w/100sx  
 set 10sx surface plug and set marker



## State B7717 #2

GL: 3,380  
KB:  
TD: 3,170  
PBD: 1,700  
Fr. Wtr:  
Legal: 330 from S  
330 from W  
Section: 2-M  
Township: 19S  
Range: 29E  
County: Eddy

Status: P&A  
Perfs:  
API: 30-015-03545  
NM Lse: B-7717  
Field:  
Logs: No logs  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"			304	50	10"	Surf	1" 55sx
5-1/2"			1,592	25	8"	1475'	Calc 50% ex

- 10-May-48 Spud well  
**Leonard Oil Company - State B7717 #2**
- 2-Jul-48 Well drilled to 3170 plugged back to 1692  
10sx plug 3077 - 3127  
5sx plug 2735 - 2760  
17sx plug 1700 - 1750
- 8-Jul-48 7 Rivers Completion  
OH 1592 - 1700 - shot 1649-85 w/140qts  
IP: 25 BOPD
- 8-Sep-64 Well SI, TA'd since July 48
- 9-Jan-68 P&A - Tenneco  
20sx plug 1560 - 1640  
5 1/2" csg was cut at 1432'  
20sx plug 1407 - 1457  
25sx plug 1025  
25sx plug 275 - 350  
10sx surf plug wmarker

filled to surf  
top tag 28'

TOC Surf

T Salt  
@290'

8-5/8"  
@350'

Perf csg 320'  
sqz w/150sx

TOC est 360'

B Salt  
@1015'

25 sx plug  
@ 1025

Yates  
@1482'

35 sx plug  
1475-1690

7 Rivers  
@1624'

Queen  
@2214'

25sx on top  
CIBP 2150

Queen Perfs  
2229 - 2264  
Middle Qn Perfs  
2311 - 2365  
Penrose Perfs  
2383 - 2416

Penrose  
@2380'

75 sx plug  
@ 2711

Lwr Queen Perfs  
2430 - 2603  
Grayburg Perfs  
2607 - 2661  
San Andres Pers  
2670 - 2711

Grayburg  
@2606'

San And  
@2670'

5 1/2"  
@3016'

TD 3035

## Turkey Track Sec 3 Unit #28

GL: 3,380

KB:

TD: 3,035

PBD: 2,994

Fr. Wtr:

Legal: 330 from S  
330 from E

Status: P&A

Perfs:

API: 30-015-24020

NM Lse: B-9739

Field:

Logs: DSN

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	new	350	250	12-1/4"	Surf	12yds ready mix
5-1/2"	15.50	new	3,016	850	7-7/8"	360'	estimate

31-Dec-84 Spud well  
**Marbob Energy Corp - Turkey Track Sec 3 Ut. #28**

28-Jan-85 **Completion**  
Perf 2229 - 2711  
acidized w/4000  
frac w/252Mgal gel wtr, 150M# 20/40, 150M# 12/20, 60M# 8/16  
IP: Pumping 40 BO 53 BW NR MCF  
Perf Detail:  
Qn (Unit) 2229 - 2264  
Qn (Middle) 2311 - 2365  
Penrose 2383 - 2416  
Lwr Qn 2430 - 2603  
Grayburg 2607 - 2661  
San Andres 2670 - 2711

26-Jul-89 **P&A - Marbob Energy**  
75sx plug 2711  
CIBP at 2150 w/25sx on top  
35sx plug at 1695, tagged at 1475  
25sx plug at 1025  
perf csg 320' sqz w/150sx tagged at 28'  
filled csg 28' to surf w/cmt

5sx Surf plug

TOC non

25sx plug  
275 - 3508-5/8"  
@295'cmt plug  
300 - 320T Salt  
@295'B Salt  
@'1020'cmt plug  
1020- 1050Yates  
@1482'7 Rivers  
@1630'5sx plug  
@ 1645

TD 1813

## Powell #1

GL: 3,375  
 KB:  
 TD: 1,813  
 PBD:  
 Fr. Wtr:  
 Legal: 1,650 from N  
 330 from E  
 Section: 10-H  
 Township: 19S  
 Range: 29E  
 County: Eddy

Status: P&A  
 Perfs:  
 API: 30-015-03570  
 NM Lse: B-8096  
 Field:  
 Logs: No logs  
 Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"			295	50	10" 8	none	mudded

13-Oct-49 Spud well  
Stanley L. Jones - Powell #1

10-Dec-49 7 Rivers Completion  
OH nitro 160 qts 1635 - 1703

2-Feb-50 P&A - Stanley L. Jones  
5sx plug 1645  
cmt plug 1020 - 1050  
cmt plug 300 - 320  
5sx plug at surf w/marker

Queen Unitized Interval not  
Penetrated

Cmt plug  
0 - 60'

T Salt  
@295'

B Salt  
@1020'

Yates  
@1482'

7 Rivers  
@1630'

7" cut off  
@1138'

7"  
@1534

TD 1844

## State B-9739 #1-D

GL: 3,380  
KB:  
TD: 1,844  
PBD:  
Fr. Wtr:  
Legal: 330 from N  
990 from W  
Section: 11-D  
Township: 19S  
Range: 29E  
County: Eddy  
Status: P&A  
Perfs:  
API: 30-015-03579  
NM Lse: B-9739  
Field:  
Logs: No logs  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7"	20.00		1,534	50	8" 6-3/4"	1140'	Pulled 1138'

28-Jul-48 Spud well  
Leonard Oil Company - State B-9739 #1-D

20-Aug-48 Drilled to 1844' and Abandoned - Leonard Oil  
12 1/4# mud from TD to 60'  
cmt plug 0 - 60' w/ marker

Queen Unitized Interval not  
Penetrated

10sx Surf plug

TOC Surf

25sx plug  
250 - 450T Salt  
@320'8-5/8"  
@356'B Salt  
@1196'Yates  
@1487'7 Rivers  
@1720'25sx plug  
1635 - 18357 Rivers Perfs  
1748 - 1773Queen  
@2330'25sx plug  
2200 - 2400Queen Perfs  
2348 - 2381Penrose  
@2540'5 1/2"  
@2703'

TD 2703

## Sand Dune State #2

GL: 3,364  
 KB: 3,372  
 TD: 2,703  
 PBD: 2,662  
 Fr. Wtr:  
 Legal: 1,980 from S  
 660 from E

Status: P&A  
 Perfs:  
 API: 30-015-26305  
 NM Lse: B-9739-19  
 Field:  
 Logs: CNL,LDL,DLL  
 Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	23.00	new ST&C	356	250	12-1/4"	Surf	8 yds ready mix
5-1/2"	15.50	new LT&C	2,703	650	7-7/8"	Surf	Circ 125 sx

4-May-90 Spud well  
MYCO Industries, inc. - Sand Dune State #2

8-Jun-90 7 Rivers and Queen Completion attempt  
 Qn Perf 2348 - 2381, acidized w/1200gal 15% NEFE, swabbed dry  
 7 Rvrs Perf 1748 -1773, acidized w/1000gal 15% NEFE, swabbed dry

17-Sep-90 P&A - MYCO  
 25sx plug at 2400  
 25sx plug at 1835  
 25sx plug at 450  
 10sx plug at surface w/marker

T. SCOTT HICKMAN & ASSOCIATES, INC.  
P E T R O L E U M   C O N S U L T A N T S

March 27, 2007

KNG America, Inc.  
2-1-1 Nihonbashi Muromachi, Chuo-Ku  
Tokyo 103-0022 Japan

FAX 81-3-3270-0857

Attention Sakae Horisawa

Gentlemen:

Re:   Oil and Gas Reserve Evaluation  
     Proposed Eastland Queen Unit  
     Turkey Track Field  
     Eddy County, New Mexico

In accordance with Mr. Horisawa's request, we have estimated the extent and net income to be generated by Proved Developed Producing and Probable crude oil and natural gas reserves for the proposed Eastland Queen Unit in Eddy County, New Mexico as of April 1, 2007 based on an audit of Beach Exploration, Inc. (BEI) Turkey Track analogy and volumetric calculations prepared by BEI for the proposed Unit area. In our opinion, the analogy and data provided by BEI are reasonable and were developed based on good engineering practices. These data, in addition to those developed independently by TSH&A, were used in the formulation of the reserve and economics forecast included in this report. A summary of our evaluation is as follows:

	Net Reserves		Future Net Income	
	Liquid	Gas	Undis- Counted	Disc. @10%
	(MBSL)	(MMCF)	(M\$)	(M\$)
Effective Date:	----- April 1, 2007 -----			
Evaluated Interests	100% WI; 77.42% NRI			
Proved Developed Producing-Primary	90.5	135.7	2,804.5	1,682.2
Probable Secondary	548.8	74.8	21,767.2	10,582.9

Table 1 is the cash flow summary for Proved Developed Producing Primary reserves for the proposed Unit. Table 2 is the cash flow summary for Probable Secondary reserves.

I:\06047\kng.wpd

505 NORTH BIG SPRING, SUITE 105

MIDLAND, TEXAS 79701

432/683-4391

www.tshickman.com

FAX: 432/683-7303

Table 3 is the comparison of project data for the analogy area and proposed Unit. Fig. 1 is the production history for the proposed Unit along with the remaining primary and primary plus secondary reserve estimates. Fig. 2, provided by BEI, shows the proposed unit outline and injection pattern. Fig. 3, provided by BEI, is a type log comparison for the Turkey Track analogy and the proposed Unit.

Net hydrocarbon reserves are estimated quantities of crude oil, natural gas and natural gas liquid attributable to the composite revenue interests being evaluated after the deduction of all royalty and/or overriding royalty interests burdening any working interest. In the aggregate, our reserve classifications conform to the 1997 SPE/WPC Petroleum Reserve Definitions. Future net income was adjusted for applicable capital expenditures, operating costs, ad valorem taxes and wellhead taxes, but no consideration was given to Federal income taxes or any encumbrances that might exist against the evaluated interests. Present worth future net income shows the time value of money at certain discount rates, but does not represent our estimate of fair market value.

We are qualified to perform engineering evaluations and do not claim any expertise in accounting or legal matters. As is customary in the profession, no field inspection was made of the properties nor have we verified that all operations are in compliance with state and/or federal conservation, pricing and environmental regulations that may apply.

Attachment A is the NYMEX average five-year strip futures prices utilized in this evaluation. Prices were adjusted for differentials based on comparable production in the area. Operating and capital cost estimates provided by BEI appear to be reasonable based on our experience with other Queen waterflood projects. Refinement of the cost estimates will be required at a later date..

This study was performed using industry-accepted principles of engineering and evaluation that are predicated on established scientific concepts. However, the application of such principles involves extensive judgment and assumptions and is subject to changes in performance data, existing technical knowledge, economic conditions and/or statutory provisions. Consequently, our reserve estimates are furnished with the understanding that some revisions will probably be required in the future, particularly for reserve categories other than Proved Developed Producing. The restriction of production by mechanical, regulatory or market conditions also introduces uncertainty into reserve estimates and projections.

This report is solely for the information of and the assistance to KNG America, Inc. And Beach Exploration, Inc. in their evaluation of this project and is not to be used, circulated, quoted or otherwise referred to for any other purpose without the express written consent of the undersigned except as required by law. Persons other than those

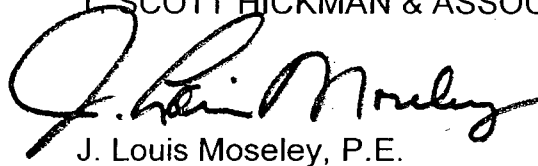


KNG America, Inc.  
March 27, 2007  
Page 3

to whom this report is addressed or those authorized by the addressee shall not be entitled to rely upon the report unless it is accompanied by such consent. Data utilized in this report will be maintained in our files and are available for your use.

Yours very truly,

T. SCOTT HICKMAN & ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read "J. Louis Moseley". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

J. Louis Moseley, P.E.

sm

# ATTACHMENT A

## Schedule of NYMEX Futures Prices (for KNG Report effective April 1, 2007)

<u>Year</u>	<u>Oil (\$/Bbl) Cushing Light Sweet</u>	<u>Gas (\$/MMBTU) HH</u>
2007	64.64	7.95
2008	67.36	8.49
2009	67.71	8.19
2010	67.31	7.88
2011 & Thaf	66.82	7.64

TABLE 1

PROP. EASTLAND QUEEN UNIT (PDP-PRI.)  
TURKEY TRACK FIELD  
EDDY COUNTY, NM

DATE: 03/26/07  
TIME: 15:27:14  
FILE: 06047  
PROP: 30  
STID: BASE  
.CMD: KNQ  
.OUT: KNQ

## RESERVES AND ECONOMICS

KNQ - TURKEY TRACK

AS OF APRIL 1, 2007

END- MO-YR	---GROSS PRODUCTION---		---NET PRODUCTION---		--PRICES--		-----OPERATIONS, M\$-----			10.00 PCT			
	OIL, MMBL	GAS, MMCF	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES	CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	CUM. DISC BTAX, M\$	
12-07	7.156	10.734	5.540	8.310	62.89	3.98	381.443	34.330	121.365	.000	225.748	217.868	
12-08	9.102	13.653	7.047	10.570	65.61	4.25	507.224	45.650	161.820	.000	299.754	484.056	
12-09	8.645	12.967	6.693	10.039	65.96	4.10	482.580	43.432	161.820	.000	277.328	707.941	
12-10	8.213	12.319	6.359	9.537	65.56	3.94	454.472	40.903	161.820	.000	251.749	892.700	
12-11	7.801	11.702	6.040	9.060	65.07	3.82	427.632	38.487	161.820	.000	227.325	1044.368	
12-12	7.412	11.118	5.738	8.608	65.07	3.82	406.255	36.562	161.820	.000	207.873	1170.449	
12-13	7.041	10.562	5.451	8.177	65.07	3.82	385.933	34.734	161.820	.000	189.379	1274.871	
12-14	6.689	10.033	5.179	7.768	65.07	3.82	366.672	33.001	161.820	.000	171.851	1361.014	
12-15	6.355	9.532	4.920	7.380	65.07	3.82	348.336	31.350	161.820	.000	155.166	1431.722	
2-16	6.037	9.056	4.674	7.011	65.07	3.82	330.919	29.782	161.820	.000	139.317	1489.437	
2-17	5.735	8.602	4.440	6.660	65.07	3.82	314.352	28.292	161.820	.000	124.240	1536.227	
2-18	5.448	8.173	4.218	6.328	65.07	3.82	298.638	26.878	161.820	.000	109.940	1573.867	
2-19	5.176	7.763	4.007	6.010	65.07	3.82	283.693	25.532	161.820	.000	96.341	1603.853	
2-20	4.917	7.376	3.807	5.710	65.07	3.82	269.533	24.258	161.820	.000	83.455	1627.467	
2-21	4.671	7.007	3.616	5.425	65.07	3.82	256.017	23.041	161.820	.000	71.156	1645.770	
TOT	100.398	150.597	77.729	116.593	65.08	3.90	5513.699	496.232	2386.845	.000	2630.622	1645.770	
EM.	16.463	24.695	12.746	19.118	65.07	3.82	902.413	81.217	647.280	.000	173.916	1682.245	
OTAL	116.861	175.292	90.475	135.711	65.08	3.89	6416.112	577.449	3034.125	.000	2804.538	1682.245	
UM.	720.879	984.919					NET OIL REVENUES (M\$)	5888.009		-----PRESENT WORTH PROFILE-----			
							NET GAS REVENUES (M\$)	528.103		DISC	PW OF NET	DISC	PW OF NET
LT.	837.740	1160.211					TOTAL REVENUES (M\$)	6416.112		RATE	BTAX, M\$	RATE	BTAX, M\$
TAX RATE OF RETURN (PCT)		100.00	PROJECT LIFE (YEARS)				18.750		.0	2804.538	30.0	928.158	
TAX PAYOUT		03/31/2007	DISCOUNT RATE (PCT)				10.000		2.0	2486.586	35.0	839.171	
TAX PAYOUT (DISC)		03/31/2007	GROSS OIL WELLS				29.000		5.0	2114.708	40.0	767.647	
TAX NET INCOME/INVEST		.00	GROSS GAS WELLS				.000		8.0	1833.315	45.0	708.957	
TAX NET INCOME/INVEST (DISC)		.00	GROSS WELLS				29.000		10.0	1682.245	50.0	659.957	
									12.0	1553.620	60.0	582.802	
INITIAL W.I. FRACTION		1.000000	INITIAL NET OIL FRACTION				.774200		15.0	1393.643	70.0	524.796	
INAL W.I. FRACTION		1.000000	FINAL NET OIL FRACTION				.774200		18.0	1264.022	80.0	479.562	
RODUCTION START DATE		12/01/06	INITIAL NET GAS FRACTION				.774200		20.0	1190.691	90.0	443.268	
ONTHS IN FIRST LINE		9.00	FINAL NET GAS FRACTION				.774200		25.0	1041.634	100.0	413.471	

TABLE 2

PROPOSED EASTLAND ON UT PROB

DATE: 03/26/07

TIME: 15:27:14

FILE: 06047

PROP: -1

STID: BASE

.CMD: KNG

.OUT: KNG

## RESERVES AND ECONOMICS

KNG - TURKEY TRACK

AS OF APRIL 1, 2007

-END- 40-YR	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES--		-----OPERATIONS, M\$-----			10.00 PCT		
	OIL, MMBL	GAS, MMCF	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES	CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	CUM. DISC BTAX, M\$
12-07	.000	.000	.000	.000	.00	.00	.000	.000	.135	.000	-.135	-.130
12-08	-4.953	-8.460	-3.835	-6.550	65.61	4.25	-279.420	-25.147	480.180	2500.000	-3234.453	-2979.871
12-09	7.736	-.596	5.989	-.461	65.96	4.10	393.147	35.383	480.180	.000	-122.416	-3078.697
12-10	88.342	20.809	68.394	16.111	65.56	3.94	4547.388	409.265	480.180	.000	3657.943	-394.125
12-11	103.028	21.547	79.764	16.681	65.07	3.82	5253.965	472.857	480.180	.000	4300.928	2475.384
12-12	88.752	17.731	68.712	13.727	65.07	3.82	4523.526	407.118	480.180	.000	3636.228	4680.868
12-13	75.229	14.119	58.242	10.931	65.07	3.82	3831.564	344.840	480.180	.000	3006.544	6338.651
12-14	63.694	11.082	49.312	8.579	65.07	3.82	3241.503	291.735	480.180	.000	2469.588	7576.569
12-15	53.860	8.532	41.698	6.605	65.07	3.82	2738.520	246.467	480.180	.000	2011.873	8493.371
12-16	45.477	6.399	35.208	4.954	65.07	3.82	2309.909	207.893	480.180	.000	1621.836	9165.246
2-17	38.336	4.619	29.680	3.576	65.07	3.82	1944.938	175.044	480.180	.000	1289.714	9650.962
2-18	32.256	3.138	24.972	2.429	65.07	3.82	1634.207	147.078	480.180	.000	1006.949	9995.712
2-19	27.081	1.914	20.966	1.482	65.07	3.82	1369.919	123.293	480.180	.000	766.446	10234.265
2-20	22.679	.903	17.558	.700	65.07	3.82	1145.174	103.066	480.180	.000	561.928	10393.263
2-21	18.937	.075	14.661	.058	65.07	3.81	954.212	85.880	480.180	.000	388.152	10493.107
TOT	660.454	101.812	511.321	78.822	65.14	3.81	33608.552	3024.772	6722.655	2500.000	21361.125	10493.107
EM.	48.445	-5.222	37.505	-4.042	65.07	3.82	2425.009	218.252	1800.720	.000	406.037	10582.875
OTAL	708.899	96.590	548.826	74.780	65.14	3.81	36033.561	3243.024	8523.375	2500.000	21767.162	10582.875
UM.	.000	.000					NET OIL REVENUES (M\$)	35748.879	-----PRESENT WORTH PROFILE-----			
							NET GAS REVENUES (M\$)	284.682	DISC	PW OF NET	DISC	PW OF NET
LT.	708.899	96.590					TOTAL REVENUES (M\$)	36033.561	RATE	BTAX, M\$	RATE	BTAX, M\$
TAX RATE OF RETURN (PCT)		56.72	PROJECT LIFE (YEARS)		18.750	.0	21767.162	30.0	2780.295			
TAX PAYOUT		11/30/2010	DISCOUNT RATE (PCT)		10.000	2.0	18700.739	35.0	1928.434			
TAX PAYOUT (DISC)		02/20/2011	GROSS OIL WELLS		1.000	5.0	15011.197	40.0	1277.185			
TAX NET INCOME/INVEST		9.71	GROSS GAS WELLS		.000	8.0	12145.338	45.0	772.660			
TAX NET INCOME/INVEST (DISC)		5.55	GROSS WELLS		1.000	10.0	10582.875	50.0	377.405			
								12.0	9242.103		60.0	-184.256
								15.0	7566.363		70.0	-545.117
								18.0	6208.939		80.0	-781.216
								20.0	5444.754		90.0	-936.980
								25.0	3912.238		100.0	-1039.520

Table 3

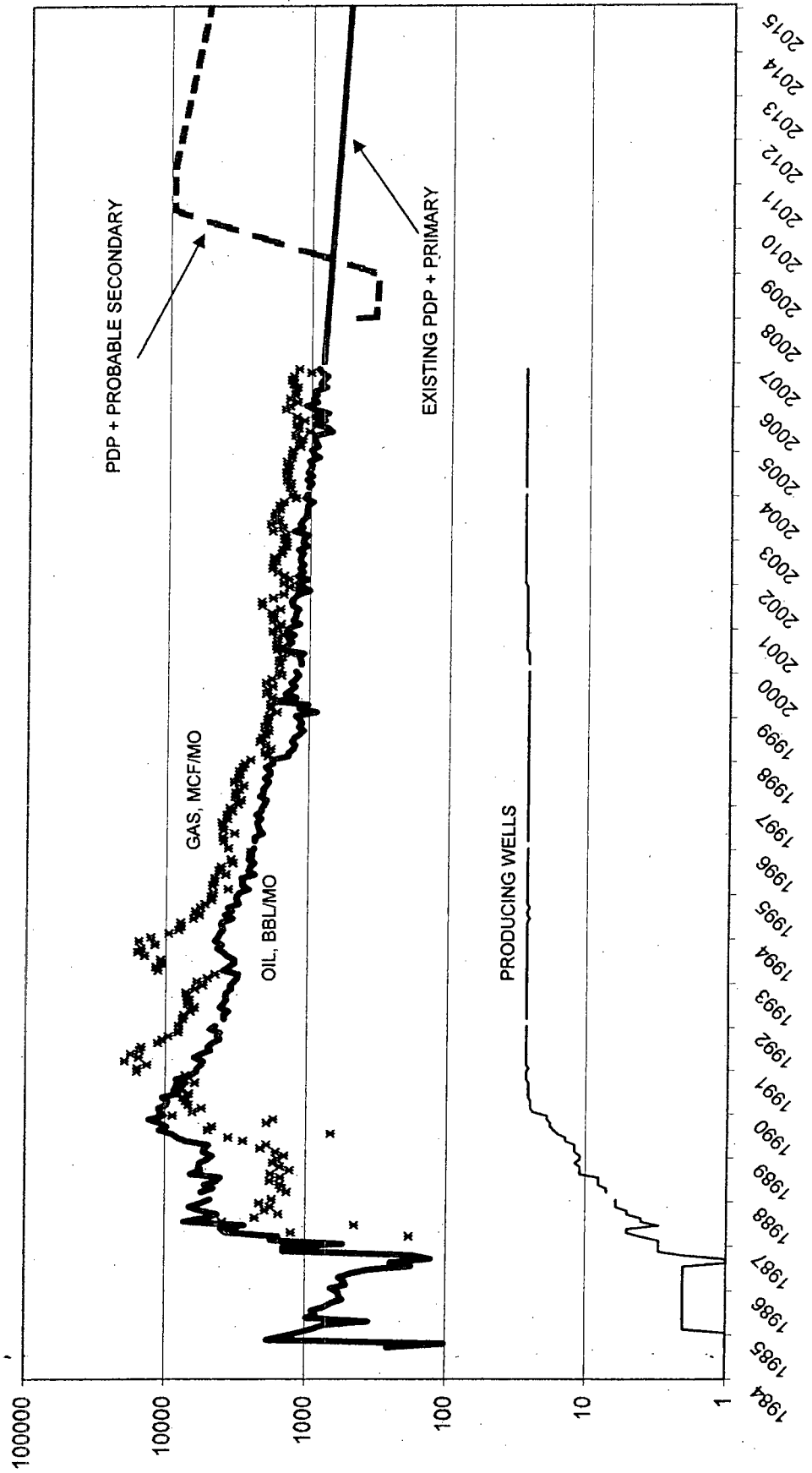
Turkey Track Queen Field  
Eddy, New Mexico  
Analogy Comparison

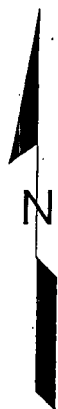
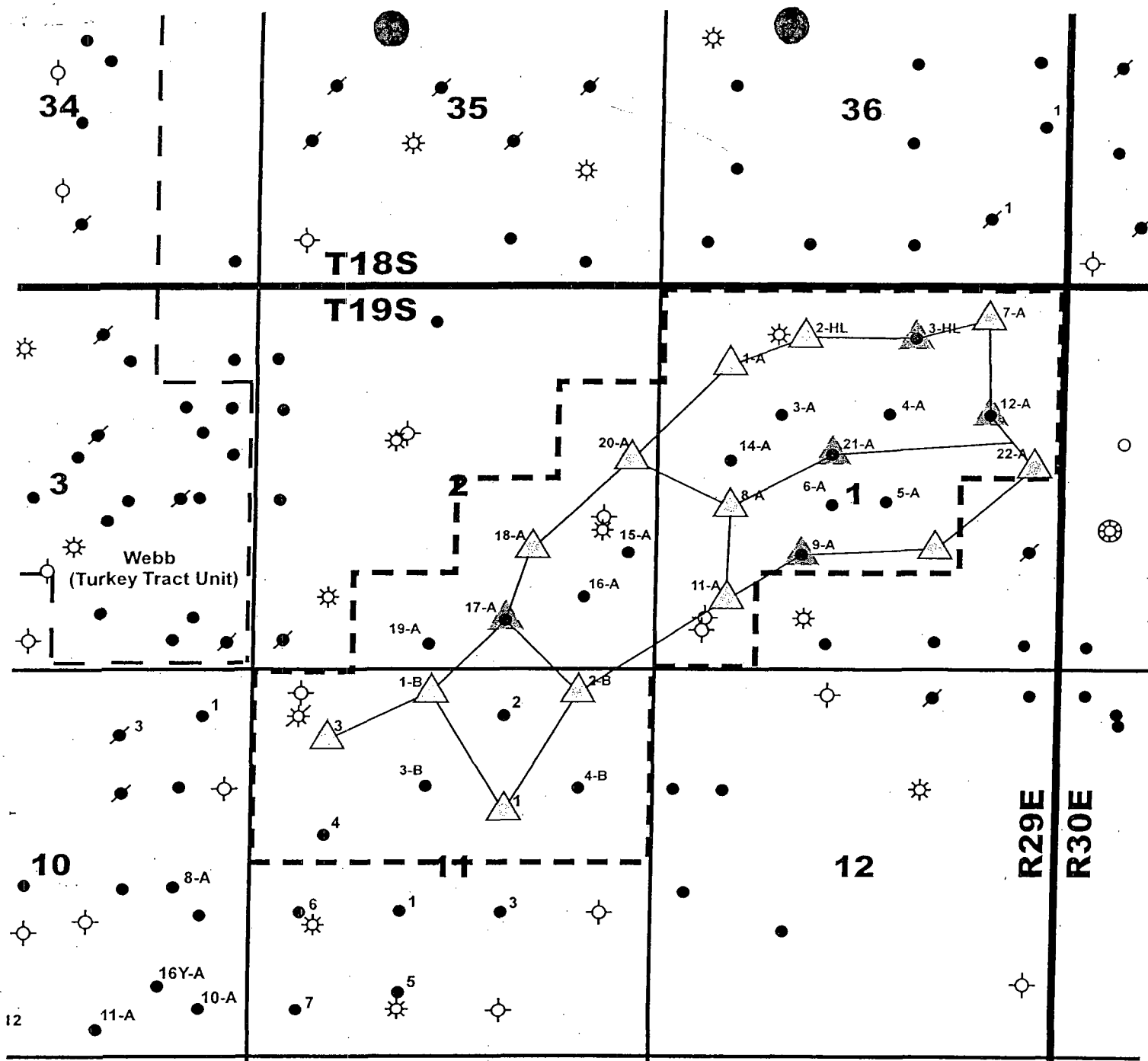
Location Type of Trap Discovery Data	Proposed Eastland Queen Unit	Analogy Turkey Track Queen Field
	Part Sec 1 & 2, N/2 Sec 11-T19S-R29E Stratigraphic Sep-84	Sec 34-T18S-R29E, Sec 3-T19S-R29E Stratigraphic Mar-44
<b>Reservoir Characteristics</b>		
Formation, Depth ft.	Upper Queen Sand, 2250	Upper Queen Sand, 2150
Primary Drive Mechanism	Solution Gas	Solution Gas
Net Average Thickness, ft	9 est (15% $\phi$ cutoff)	21 Gross (11.3 Net)
Area, ac	860	720
Average Porosity, %	17	19.5
Initial Water Saturation, %	35 est	35
<b>Fluid Characteristics</b>		
Oil Gravity, °API @ 60°F	34	34
Initial BHP, psig	NA	NA
Reservoir Temperature, °F	87	86 est
Original Solution GOR, Scf/Bbl	350 est	NA
Oil FVF, RB/STB	1.13 est	NA
<b>Reserves</b>		
OOIP, MSTB (Vol)	5729	NA
Primary EUR, MSTB (RF%)	734 (13%)	367 (NA)
Per Well	25	20
Secondary EUR, MSTB	734 (13%)	367 (NA)
S/P Ratio	1.0	1.0
Make-up Water Source	To be determined	Rustler (brackish)
<b>Well Count</b>		
Producers	12 Ph I & II	20
Injectors	18 Ph I & II	27
<b>Production Profile</b>		
Peak Oil Rate - Primary, BOPD/Well	14 (25w)	10 (17w)
Peak Oil Rate - Secondary, BOPD/Well	26 (12w) est	9 (18w)*
Average Maximum Injection Rate, BWPD/Well	75 est	100-125

Note: \*Phased Injection

FIG. 1

PROPOSED EASTLAND QUEEN UNIT  
TURKEY TRACK FIELD  
EDDY COUNTY, NEW MEXICO





**Beach Exploration, Inc.**  
**EASTLAND QUEEN UNIT**  
 EDDY COUNTY, NEW MEXICO

**INJECTION**  
**PHASE I & II**  
 18 Inj - 12 Prd

**GEOLOGY :**  
**ENGINEERING :**

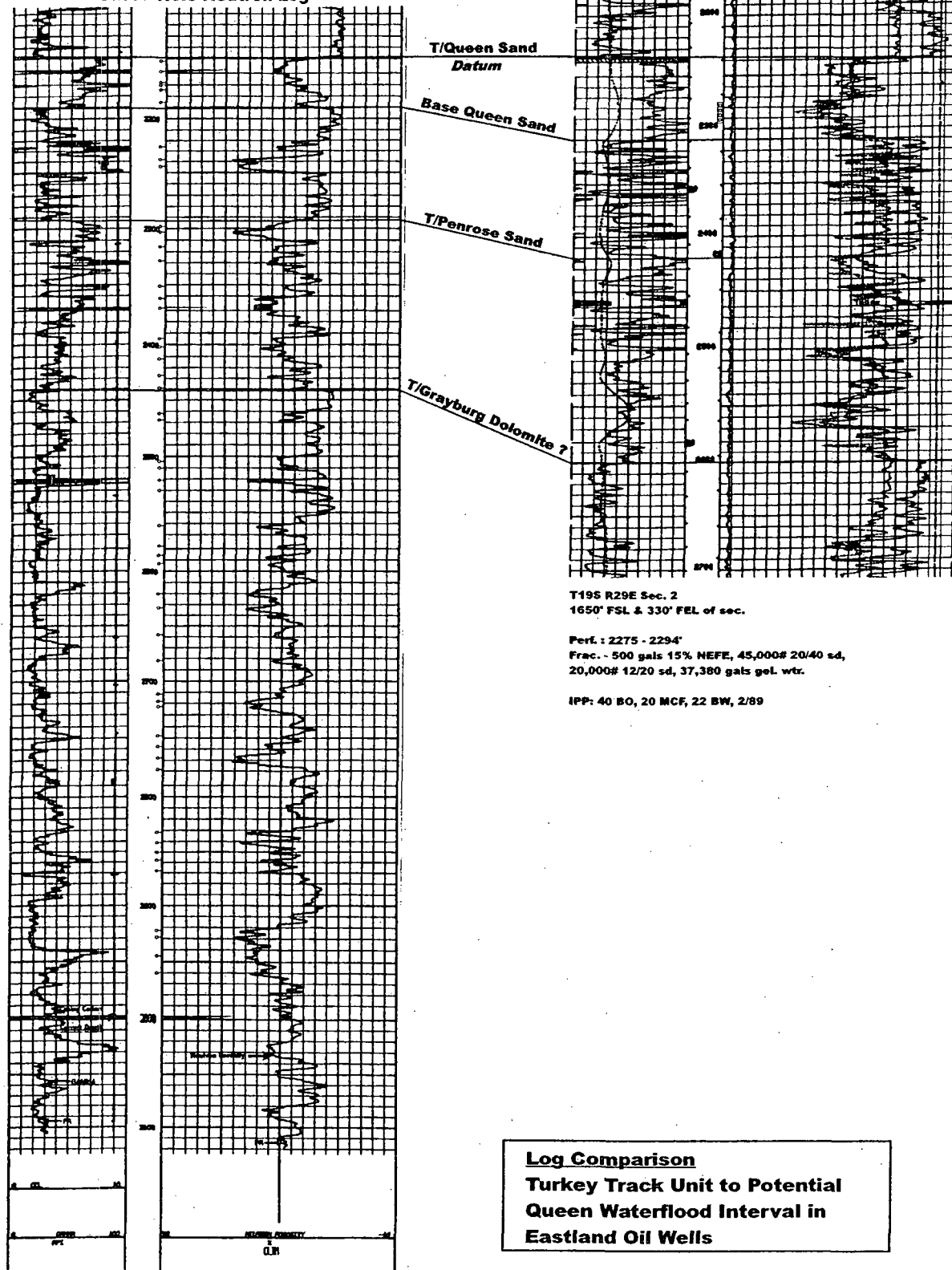
**SCALE : 1 in. = 2000 ft.**

**FIG. 2**

Energy Corp.  
Turkey Track 3 - #29

Density/Neutron Open Hole Log

Cased Hole Neutron Log



T19S R29E Sec. 2  
1650' FSL & 330' FEL of sec.  
Perf.: 2275 - 2294'  
Frac. - 500 gals 15% NEFE, 45,000# 20/40 sd,  
20,000# 12/20 sd, 37,380 gals gel. wtr.  
IPP: 40 BO, 20 MCF, 22 BW, 2/89

T19S R29E Sec. 3  
1650' FNL & 330' FWL of sec.  
Perf.: 2152 - 2530' Queen; 2562 - 2960' Grayburg  
Frac. - 3500 gals acid, 120,000# 20/40 sd,  
120,000# 12/20 sd, 40,000# 8/16 sd  
IPP: 43 BO, 60 BW, 2/85

FIG. 3









# Martin Water Laboratories, Inc.

*Analysts & Consultants since 1953*  
Bacterial & Chemical Analysis

TO: Mr. Jack Rose  
800 N. Marienfeld, Suite 200  
Midland, TX 79701

Laboratory No. 707-91  
Sample Received 6-29-07  
Results Reported 7-11-07

COMPANY: Beach Exploration

LEASE: Rock House Ranch

SUBJECT: To make microscopic examination of suspended solids for particle sizing.

Source of Sample and Date Taken

Submitted water sample - taken from water well on 6-27-07

Microscopic Examination  
of Suspended Solids  
for Particle Sizing

10% - <5 $\mu$   
40% - 5-10 $\mu$   
40% - 10-30 $\mu$   
8% - 30-60 $\mu$   
2% - 60-100 $\mu$

Remarks: Please feel free to contact us for any details or discussions concerning the above results.

Greg Ogden, B.S.



# Martin Water Laboratories, Inc.

*Analysts & Consultants since 1953*  
Bacterial & Chemical Analysis

To: Mr. Jack Rose  
800 N. Marienfeld, Suite 200  
Midland, TX 79701

Laboratory No. TB707-83  
Sample Received 6-29-07  
Sample Reported 7-10-07

Company: Beach Exploration  
County: Eddy, NM  
Field:  
Lease: Rock House Ranch

Source of sample and date taken:

1. Submitted water sample - taken from water well on 6-27-07.

#1

Iron bacteria . . . . .	Not detected
Sulfur bacteria . . . . .	Not detected
Sulfate-reducing bacteria . . . . .	Not detected
Other aerobes . . . . .	342000
Other anaerobes . . . . .	Not detected
Fungi (& aciduric bacteria) . . . . .	Not detected
Algae . . . . .	Not detected
Protozoa . . . . .	Not detected
Total Count . . . . .	342,000

Note: All numerical results are reported as the number of cells per milliliter of the sample as determined by plate counts; except iron, algae, and protozoa, which are determined microscopically.

Remarks: These results show aerobic bacterial activity to be present, but no sulfate-reducers at this time.

Greg Ogden, B.S.

Beach Exploration, Inc.  
Proposed Eastland Queen Unit  
Injection Well Data Sheet (wellbore schematics attached)  
Form C-108, Item III

<u>Operator</u>	<u>Lease &amp; Well #</u>	<u>Location</u>	<u>Sec.-Unit, Twp., Rge.</u>
<u>PHASE I</u>			
1. Re-enter P&A well	State B-7717 #4	1650' FSL 1650' FEL	1-J, 19S, 29E
2. Eastland Oil Company	State HL-1 #2	660' FNL 1980' FWL	1-C, 19S, 29E
3. Eastland Oil Company	P.J. State A #1	990' FNL 990' FWL	1-D, 19S, 29E
4. Eastland Oil Company	P.J. State A #7	330' FNL 990' FEL	1-A, 19S, 29E
5. Eastland Oil Company	P.J. State A #8	2310' FSL 990' FWL	1-L, 19S, 29E
6. Eastland Oil Company	P.J. State A #11	990' FSL 990' FWL	1-M, 19S, 29E
7. Eastland Oil Company	P.J. State A #18	1650' FSL 1650' FEL	2-J, 19S, 29E
8. Eastland Oil Company	P.J. State A #20	2310' FNL 330' FEL	2-H, 19S, 29E
9. Eastland Oil Company	P.J. State A #22	2310' FNL 330' FEL	1-H, 19S, 29E
10. Eastland Oil Company	P.J. State B #1	330' FNL 2310' FWL	11-C, 19S, 29E
11. Eastland Oil Company	P.J. State B #2	330' FNL 990' FEL	11-A, 19S, 29E
12. Myco Industries, Inc.	BBOC State #1	1980' FNL 1980' FEL	11-G, 19S, 29E
13. Myco Industries, Inc.	BBOC State #3	990' FNL 990' FWL	11-D, 19S, 29E
<u>PHASE II</u>			
14. Eastland Oil Company	State HL-1 #3	660' FNL 1980' FEL	1-B, 19S, 29E
15. Eastland Oil Company	P.J. State A #9	1470' FSL 2420' FWL	1-K, 19S, 29E
16. Eastland Oil Company	P.J. State A #12	1650' FNL 990' FEL	1-H, 19S, 29E
17. Eastland Oil Company	P.J. State A #17	660' FSL 1980' FEL	2-O, 19S, 29E
18. Eastland Oil Company	P.J. State A #21	2310' FNL 2310' FWL	1-F, 19S, 29E

EXHIBIT

**BC**

5sx surf plug

TOC Surf  
CircT Salt  
@325'8-5/8"  
@330'25sx plug  
294'-366'B Salt  
@1195'25sx plug  
2541-26347" csg  
Cut & pulled 2586'TOC  
Calc 3050'Delaware  
@3750'7"  
@ 3,668'  
25sx plug  
3660-3792  
PB to 3792  
w/135sxDelaware  
OH 3750-3792

TD 4371

## State 7717 #4

GL:  
KB: 3,403  
TD: 4,371  
PBD: 3,792  
Fr. Wtr:  
Legal: 1,650 from S  
1,650 from E

Status: P&A  
Perfs: OH Delaware 3750 - 3792  
API: 30-015-03541  
NM Lse:  
Field: East Turkey Track  
Logs: Cable tool no logs  
Archeological:

Section: 1-J  
Township: 19S  
Range: 29E  
County: Eddy

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	28.00	H-40	330	80	10"	Surf	Circulated
7"	20.00		3,668	50	8"	3050'	Calc 1/3 excess
				OH	6-1/4"		

28-Jan-52 Spud well  
Leonard Oil Company - State B-7717 #4  
31-Mar-52 Set 7" csg at 3668  
18-Apr-52 TD 4371 making 45 gal wtr and 2 gal oil per hour, PB to 3792' w/135 sx cmt

Delaware - Completion

22-Apr-52 Sand frac 1500 gal Hydrafrac under Lynes pkr from 3700' - 3792',  
7 gal wtr and 33 gal oil per hr, tested 19 BOPD 4 BWPD  
7-May-53 TA'd well. Pumped 25sx cmt at 3792' filled hole w/mud to surf, placed a 7"  
swedge on csg and installed a marker (est cmt to csg at 3668')  
10-Dec-59 P&A well. Shot 7" off and recovered 2586' 7" csg. Ran tbq, mudded up hole,  
placed 25sx cmt plug 2541-2634 and 25sx plug from 294-366', set regulation  
4" marker and poured 5sx cmt around marker

**OPERATOR:** Leonard Oil Company**INJECTION FORMATION:** Queen Sand (Unitized Interval)**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was P&amp;A and will be reentered and converted to injection.

The surface plugs will be drilled out and the well will be cleaned out to  
2540'. Casing will be run to 2540' and cemented to surface. The Queen  
will be perforated at approximately 2400' and sand and water frac'd. A  
plastic coated Model AD-1 Tension Packer will be run on 2 3/8"  
internally plastic coated tubing and set approximately 50' above the  
Queen perforations. APPROX PACKER DEPTH: 2350'

TOC Sur  
Circ

State "HL" 1 #2

GL: 3,415  
KB: 3,423  
TD: 2,880  
PBD: 2,836 2,249  
Fr. Wtr:  
Legal: 660 from N  
1,980 from W  
Section: 1-C  
Township: 19S  
Range: 29E  
County: Eddy

Status: Active pumping  
Perfs: 1723 - 1806  
API: 30-015-24911  
NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)  
Logs: CNL, LDL, DLL  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24 & 32	K55 ST&C	300	200	12-1/4"	Surf	50' RM 12 yds
5-1/2"	15.50	K55 LT&C	2,880	615	7-7/8"	Surf	circ 50 sx

1-Aug-84 Spud well  
Tenneco Oil Co. - State "HL" 1 #2

16-Aug-84 Queen Completion  
Perf 2328,34,48,58,60,62,70, 2406,22,32,98, 2502,06,08,24,30,32,45,78,83,84  
21 holes 0.34" - acidized w/4,000 gal 15% HCL, frac w/4,000 gal 70 qual foam,  
and 62.5M# 10/20 sand - last set of perfs frac w/10Mgal and tagged w/radium  
21-Sep-84 IP: Pumping 14 BO 9 BW TSTM MCF 24 hrs 34.4 API

12-Nov-84 7 Rivers Completion  
set CIBP at 2278 w/35' cmt  
Perf 1723-40, 1792-95, 1806 1-4-1 SPF total 27 holes 0.34"  
acidized w/1,000 gal 10% Acetic acid  
frac w/51.1Mgal minimax III 30W, 30% N2, and 155M# 12/20 sand  
25-Nov-84 IP: Pumping 95 BO 0 BW Gas TSTM 24 hrs 35.4 API

7 Rvrs Perfs

1723-1740  
1792-1795  
1806

35' cmt  
CIBP 2,278

Queen Perfs  
2328-2370

Middle Queen Perfs  
2406-2498

Penrose Perfs  
2502-2584

**OPERATOR:** Eastland Oil Company

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

The 7 Rivers perforations 1723'-1806' will be squeezed, the CIBP at 2278  
will be drilled out and a CIBP will be placed at 2400' above the Middle  
Queen perforations. A plastic coated Model AD-1 Tension Packer will  
be run on 2 3/8" internally plastic coated tubing and set approximately  
50' above the Queen perforations

**APPROX PACKER DEPTH:** 2278'

TOC Surf  
Circ

T Salt  
@320'

8-5/8"  
@385'

B Salt  
@'1117'

Yates  
@1439'

7 Rivers  
@1754'

7 Rivers Perfs

1760 - 1774

Queen  
@2302'

Queen Perfs

2306 - 2341

Penrose  
@2470'

Grayburg  
@2638'

San And  
@2769'

5-1/2"  
@3,340'

TD 3340

## P.J. State A #1

GL: 3,420  
KB: 3,428  
TD: 3,340  
PBD: 3,300

Fr. Wtr:

Legal: 990 from N  
990 from W

Section: 1-D  
Township: 19S  
Range: 29E  
County: Eddy

Status: Active pumping  
Perfs: 1760-1774, 2306-2341  
7 Rvrs & Qn  
API: 30-015-25655

NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Logs: CNL, LDT, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		385	300	12-1/4"	Surf	54' RM 3 yds
5-1/2"	17.00	J55	3,340	675	7-7/8"	Surf	Circ 34 sx

29-Sep-86 Spud well  
Fred Pool - P.J. State A #1

17-Oct-86 7 Rivers Completion  
Perf 1760-1774 20 holes 0.4"  
acidized w/1,500 gal 15% HCL Avg 3bpm 1700psi, ISIP 1100, 15min 780  
frac 25Mgal gel KCL, 20M# 20/40, 15M# 12/20 Avg 25bpm 1500psi  
ISIP 1340 15min 1020

30-Oct-86 IP: Pumping 25 BO 0 BW 70 MCF 24 hrs 39 API 2800 GOR

29-Jul-99 Queen Completion  
Perf 2306-14, 31-33, 36-41 4 SPF 60 holes treated w/stim gun propellant  
IP: Pumping - no separate test

14-Jun-00 Frac Queen Perfs  
frac Queen down tbg w/pkr at 2200'  
acidized w/630 gal 15% HCL  
frac w/20Mgal gel wtr, 44.6M# 16/30  
Avg 9.4bpm 2691psi ISIP 1382 15min 1305  
Bailed out 57' of sand to 2427' - 86' below perfs

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

The 7 Rivers perforations 1760'-1774' will be squeezed. A plastic  
coated Model AD-1 Tension Packer will be run on 2 3/8" internally  
plastic coated tubing and set approximately 50' above the Queen  
perforations

APPROX PACKER DEPTH: 2250'



TOC Surf  
Circ

**P.J. State A #7**

GL: 3,428  
KB: 3,434  
TD: 2,960  
PBD: 2,918

Status: Active pumping  
Perfs: 2398 - 2418

API: 30-015-25794

Fr. Wtr:  
Legal: 330 from N  
990 from E

NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-A  
Township: 19S  
Range: 29E  
County: Eddy

Logs: Cased Hole CNL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		385	300	12-1/4"	Surf	60' RM to surf
5-1/2"	15.50	ST&C	2,960	1,100	7-7/8"	Surf	Circ 128 sx

24-Oct-87 Spud well  
Fred Pool - P.J. State A #7

6-Nov-87 Queen Completion  
Perf 2398-2418 21 holes  
frac w/40Mgal gel wtr, 55M# 20/40, 35M# 12/20 Avg 29bpm 2100psi  
15-Nov-87 IP: Pumping 80 BO 0 BW 40 MCF 24 hrs 500 GOR

**OPERATOR:** Eastland Oil Company

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower  
Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.  
A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"  
internally plastic coated tubing and set approximately 50' above the  
Queen perforations

**APPROX PACKER DEPTH:** 2350'

T Salt  
@350'

8-5/8"  
@385'

B Salt  
@1190'

Yates  
@1477'

7 Rivers  
@1720'

Queen  
@2366'

Queen Perfs  
2398 - 2418

Penrose  
@2550'

Grayburg  
@2732'

San And  
@2888'

5-1/2"  
@2,960'

TD 2960

TOC Sur  
Circ

T Salt  
@345'

8-5/8"  
@373'

B Salt  
@1106'

Yates  
@1430'

7 Rivers  
@1740'

Queen  
@2269'

Penrose  
@2448'

Grayburg  
@2622'

San And  
2771'

5-1/2"  
@3,249'

TD 3250

Queen Perfs  
2272 - 2311

## P.J. State A #8

GL: 3,388  
KB: 3,394  
TD: 3,250  
PBD: 3,210  
Fr. Wtr:  
Legal: 2,310 from S  
990 from W  
Section: 1-L  
Township: 19S  
Range: 29E  
County: Eddy  
Status: Active pumping  
Perfs: 2272 - 2311  
API: 30-015-25856  
NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)  
Logs: CNL, LDT, DLL  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55	373	300	12-1/4"	Surf	20' RM 2 yds
5-1/2"	15.50	J55 used	3,249	900	7-7/8"	Surf	Circ 105 sx

1-Feb-88 Spud well  
Fred Pool - P.J. State A #8

16-Feb-88 Queen Completion  
Perf 2272,74,75,79,81,86,88,90 2300,02,04,07,09,11 14 holes  
acidized w/500 gal 15% HCL  
frac w/38Mgal 30# gel wtr, 60M# 20/40, 32M# 12/20  
Avg 35bpm 2400psi ISIP 1620 15min 1370

25-Feb-88 IP: Pumping 65 BO 30 BW 40 MCF 24 hrs 615 GOR

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"  
internally plastic coated tubing and set approximately 50' above the  
Queen perforations

APPROX PACKER DEPTH: 2225'

TOC Surf  
Circ

**P.J. State A #11**

GL: 3,381  
KB: 3,386  
TD: 3,200  
PBD: 3,160

Status: Active pumping  
Perfs: 2326 - 2336

API: 30-015-25887

Fr. Wtr:  
Legal: 990 from S  
990 from W

NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-M  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, ZDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7"	23.00		359	300	9-7/8"	Surf	55' RM 4.5 yds
4-1/2"	9.50	J55 ST&C	3,200	400	6-1/8"	Surf	Circ 60 sx

11-Apr-88 Spud well  
Fred Pool - P.J. State A #11

28-Apr-88 Queen Completion  
Perf 2326-2336 11 holes 0.4"  
acidized w/750 gal 15% HCL  
frac w/20Mgal gel wtr, 23M# 20/40, 12M# 12/20  
Avg 15bpm 2030psi ISIP 1640 15min 1270  
1-May-88 IP: Pumping 45 BO 20 BW 20 MCF 24 hrs 37 API 445 GOR

Queen Perfs  
2326 - 2336

**OPERATOR:** Eastland Oil Company

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower  
Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.  
A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"  
internally plastic coated tubing and set approximately 50' above the  
Queen perforations

**APPROX PACKER DEPTH:** 2275'

T Salt  
@360'

7"  
@359'

B Salt  
@1127'

Yates  
@1443'

7 Rivers  
@1740'

Queen  
@2297'

Penrose  
@2509'

Grayburg  
@2659'

San And  
@2797'

4-1/2"  
@3,200'

TD 3200

TOC Surf  
Circ

**P.J. State A #18**

GL: 3,360  
KB: 3,369  
TD: 2,734  
PBD: 2,694

Status: Active pumping  
Perfs: 2270 - 2290

API: 30-015-26190

Fr. Wtr:  
Legal: 1,650 from S  
1,650 from E

NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 2-J  
Township: 19S  
Range: 29E  
County: Eddy

Logs: cased hole CNL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7"			355	200	10-1/4"	Surf	80' RM 4 yds
4-1/2"	9.50	K55	2,734	475	6-1/4"	Surf	Circ 160 sx

1-Dec-89 Spud well  
Fred Pool - P.J. State A #18

28-Dec-89 Queen Completion  
Perf 2270-2290 20 holes  
acidized w/1000 gal 15% HCL  
frac w/ 40Mgal x-linked gel, 79M# 12/20  
9-Jan-90 IP: Pumping 44 BO 8 BW 25 MCF 24 hrs 34 API 568 GOR

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

A plastic coated Model AD-1 Tension Packer will be run on 2 3/8" internally plastic coated tubing and set approximately 50' above the Queen perforations

APPROX PACKER DEPTH: 2225'

T Salt  
@300'

7"  
@355'

B Salt  
@1050'

Yates  
@1373'

7 Rivers  
@1651'

Queen  
@2222'

Queen Perfs

2270 - 2290

Penrose  
@2401'

Grayburg  
@2577'

San And  
@2710'

4-1/2"  
@2,734'

TD 2734

TOC Surf  
Circ

# P.J. State A #20

GL: 3,381  
KB: 3,389  
TD: 3,100  
PBD: 3,037 1,800

Status: Active pumping  
Perfs: 1626 - 1736  
API: 30-015-26444

Fr. Wtr:  
Legal: 2,310 from N  
330 from E

NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 2-H  
Township: 19S  
Range: 29E  
County: Eddy

Logs: CNL, LDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55	357	350	12-1/4"	Surf	?? RM 10 yds
5-1/2"	15.50	779' J55	3,096	675	7-7/8"	Surf	Circ 25 sx
5-1/2"	14.00	2309'					

19-Aug-90 Spud well  
Eastland Oil - P.J. State A #20

9-Oct-90 CO w/pulling unit to 3100' and run 5-1/2" csg

11-Oct-90 Grayburg San Andres Completion  
Perf 2605,91,93, 2700,03,11,21,28 2 SPF 16 holes 4" csg gun  
acidized w/1000 gal 15% HCL 30 BS, Avg 3.9bpm 1650psi ISIP 1000 15min 940  
frac w/20Mgal gel wtr 40M# 20/40, Avg 20bpm 1400psi, ISIP 1250 15min 1090  
31-Oct-90 Tst: Pumping 28 BO 4 BW 40 MCF 24 hrs 35.2 API 1,454 GOR  
6-Nov-90 Tst: Pumping 9 BO 7 BW ?? MCF 35.2 API 24 hrs

13-Dec-90 Penrose & Lower-Queen Completion  
Bridge plug at 2580'  
Perf 2407,12,18,32,40,55,86,90, 2513,31,39,43 24 holes 0.4"  
acidized w/1000 gal 15% HCL  
frac w/25Mgal x-linked gel, 35M# 20/40, 15M# 12/20  
Avg 20bpm 1550psi, ISIP 1510 15min 1360  
swabbed and flowed SW with no show, no oil after 28 day test pumping

9-Jan-91 Queen Completion  
Bridge plug at 2350'  
Perf 2244,46,49,50,55,56,57,58,60,65,71,80,87,89,92,94 2 SPF 32 holes  
acidized w/1000 gal 15% HCL  
frac w/25Mgal gel wtr, 35M# 20/40, 15M# 12/20  
Tst: Pump 5 BOPD

28-Jan-91 7 Rivers + Completion  
Bridge plug at 1800'  
Perf 1626,29,64,68,70,73,78,80,82,83, 1733,36 2 SPF 24 holes  
acidized w/1000 gal 15% HCL  
frac w/25Mgal x-linked gel, 35M# 20/40, 15M# 12/20 Avg 21bpm  
1-Feb-91 IP: Pumping 6 BO 7 BW 165 MCF 24 hrs 27,500 GOR

**OPERATOR:** Eastland Oil Company

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower  
Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.  
The 7 Rivers perforations 1626'-1736' will be squeezed and the CIBP at  
1800' will be drilled out. A plastic coated Model AD-1 Tension Packer  
will be run on 2 3/8" internally plastic coated tubing and set  
approximately 50' above the Queen perforations

**APPROX PACKER DEPTH:** 2200'

8 5/8"  
@357'

T Salt  
@360'

B Salt  
@1060'

Yates  
@1385'

7 Rivers  
@1664'

7 Rivers ++ Perfs  
1626 - 1736

Bridge Plug  
@1800'

Queen  
@2239'

Queen Perfs  
2244 - 2294

Bridge Plug  
@2350'

Penrose  
@2403'

Penrose and  
Lower Qn Perfs  
2407 - 2543

Bridge Plug  
@2580'

Grayburg  
@2572'

Grayburg and  
San Andres Perfs  
2605 - 2728

San And  
@2704'

5-1/2"  
@3,096'

TD 3100

TOC Surf  
Circ

Cut off  
8 5/8" 283'

8 5/8"  
@383'

7"  
@381'

T Salt  
@400'

B Salt  
@1202'

Yates  
@1552'

7 Rivers  
@1813'

Queen  
@2396'

Penrose  
@2588'

4-1/2"  
@2,558'

TD 2634

Lower 7 Rivers ??  
2235 - 2255, 64

Queen Perfs  
2414 - 2452

## P.J. State A #22

GL: 3,417  
KB: 3,418  
TD: 2,634  
PBD: 2,518 2,498  
Fr. Wtr:  
Legal: 2,310 from N  
330 from E  
Section: 1-H  
Township: 19S  
Range: 29E  
County: Eddy  
Status: Active pumping  
Perfs: 2235 - 2255,64, 2414 - 2452  
Lwr 7 Rivers Queen  
API: 30-015-03542  
NM Lse: B-7717  
Field: Turkey Track (Sr-Qn-Gb-Sa)  
Logs: cased hole CNL  
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55	383	50	12-1/4"	283	csg pulled
7"	20.00		381	120	10&7-7/8	Surf	70' RM 9 yds
4-1/2"	10.50	J55	2,558	490	6-1/4"	Surf	Circ cmt

- 12-Nov-62 Spud well  
**Ray Smith - Leonard State B #1**  
TD'd 2634' dry
- 17-Dec-62 D&A - 25sx plug 2560-2634, 25sx plug 1138-1200, 25sx plug 338-400  
pulled top 283' of 8-5/8" csg and marker installed
- 12-Oct-00 Re-enter D&A hole  
**Eastland - P.J. State A #22**  
Drld cmt 379'-391' and ran 7" csg, Drld w/6-1/4" bit cmt to 485', at 500' blew fluid OOH. Bridge at 415'.
- 7-Feb-01 TIH tag bridge at 417'. Drld cmt 1250-1320 and again blew fluid OOH. Bridge  
2-Mar-01 at 1198'. Drld cmt 2379-2410 CO to TD of 2560' and ran 4-1/2" csg
- 6-Mar-01 **Queen Completion**  
TIH tag TD at 2494 should have been at 2528  
Perf 2414-20,28-32,44-52 2 SPF 42 holes  
acidized w/1500 gal 15% HCL, Avg 3.3bpm 1700psi, ISIP 1150 15min 930  
IP: Pumping 1 BO 26 BW 5MCF
- 21-Mar-01 **Lwr 7 Rivers ?? Completion**  
CIBP at 2389' w/35' cmt  
Perf 2235-55,64 2 SPF 44 holes  
acidized w/1000 gal 15% HCL  
frac w/18.7Mgal gel wtr, 9.9M# 16/30, screened out Avg 21bpm 2672psi  
SO 3500psi 15min 1328psi, Tag sand at 2275, circ sand out to 2348'
- 23-May-01 acidize Queen perf w/500 gal 15% HCL Avg 0.5bpm 1500psi, no oil or gas
- 29-Oct-01 **Reopen Queen Perfs and frac**  
Drld out CIBP at 2389 and circ hole clean to 2498'  
frac Penrose perfs 2414-52 down tbg w/23.2Mgal x-linked gel, 44.4M# 16/30  
Avg 18bpm, CO sand to 2482' and put on pump

**OPERATOR:** Eastland Oil Company

**INJECTION FORMATION:** Queen Sand (Unitized Interval)

**FIELD:** Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area  
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

The 7 Rivers perforations 2235'-2264' will be squeezed. A plastic  
coated Model AD-1 Tension Packer will be run on 2 3/8" internally  
plastic coated tubing and set approximately 50' above the Queen  
perforations

**APPROX PACKER DEPTH:** 2365'

**APPLICATION FOR AUTHORIZATION TO INJECT**

- I. PURPOSE: ☒ X Secondary Recovery ☐ Pressure Maintenance ☐ Disposal ☐ Storage  
Application qualifies for administrative approval? ☐ Yes ☒ X No
- II. OPERATOR: Beach Exploration, Inc.  
ADDRESS: 800 N. Marienfeld, Suite 200, Midland, Texas 79701  
CONTACT PARTY: Jack Rose PHONE: 432-683-6226
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.  
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? ☐ Yes ☒ X No  
If yes, give the Division order number authorizing the project: \_\_\_\_\_
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
  2. Whether the system is open or closed;
  3. Proposed average and maximum injection pressure;
  4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
  5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- EXHIBIT C
- \*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- \*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- \*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Jack M. Rose TITLE: Engineer  
SIGNATURE: [Signature] DATE: Jun 19, 2007  
E-MAIL ADDRESS: jrose@beachexp.com
- \* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: \_\_\_\_\_

### III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

### XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

**NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.**

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**NOTICE:** Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.



**Beach Exploration, Inc.**  
C-108 Application  
Proposed Eastland Queen Unit  
Eddy County, New Mexico

- Form C108 – Item I.** Purpose - Secondary Recovery
- Form C108 – Item II.** Operator - Beach Exploration, Inc.  
Address - 800 N. Marienfeld, Suite 200  
Midland, Texas 79701-3382  
Contact - Jack M. Rose (432) 683-6226
- Form C108 – Item III.** Injection Well Data Sheets (attached 1 list, 18 schematics)
- Form C108 – Item IV.** Expansion of existing project? **NO**
- Form C108 – Item V.** Large area map and Area of Review Detail map (attached)
- Form C108 – Item VI.** Area of Review – Well data tabulation & schematics  
Unit Producing Wells – (attached 1 list, 12 schematics)  
Offset Wells – (attached 7 legal sheets)  
Plugged Wells – (attached 1 list, 17 schematics)
- Form C108 – Item VII.** Feasibility Study – (attached 10 pages)  
Development Plat – (attached map)  
Water Analysis – (attached 3 pages)

A feasibility study of the proposed unit was prepared by T. Scott Hickman & Associates. This study is the basis for our proposed operation and it indicates that additional reserves of 734,000 barrels can reasonably be expected to be recovered as a result of waterflooding. The engineering study is included for your review.

The proposed development of the waterflood is as shown on the attached plat. It consists of conversion of thirteen existing wells to Phase I water injectors, installation of a (closed system) waterflood plant and distribution system and consolidation of four tank batteries to a central battery. A subsequent conversion of five existing unit producing wells to Phase II water injectors is planned when water breakthrough occurs in these wells.

Make-up water volume requirements have been recalculated based on current cumulative production and is estimated to be 1.75 million barrels. Total make-up water requirements will be at least 1.75 million barrels and could range up to 2.75 million barrels depending on injection efficiency (67% estimated previously). The maximum monthly requirement would be 80,000 barrels initially and should decrease uniformly to little or no usage in a 5 to 6 year period with re-injection of produced water. On a daily basis, the targeted injection rate will be 150 BHPD for each well. Initially with thirteen injectors this would be 1,950 BHPD and after Phase II water injectors have been converted (5 additional) the daily requirement would be 2,700 BHPD.

The maximum injection pressure is anticipated to be 1250 psi. Experience in other Queen floods show that frac pressures in the Queen approach 1 psi/ft. The pay quality in the area of the proposed flood is expected to be on the tighter side and higher injection pressures are anticipated.

A four-township area surrounding the proposed flood was investigated for potential sources of makeup water. Disposal wells are sparse and only dispose of approximately 12,000 barrels a month. There are approximately five SWD wells that are spread in different directions from 3.5 to 5 miles from the proposed flood. This quantity of water would not facilitate a flood. There are two Capitan Basin fresh water wells in the northwest quarter of Section 3, 19S, 29E. These wells are less than two miles from our proposed central battery. The State Engineer's office confirmed that 98 acre-ft of water per year (760,000 bbl/yr, 63,300 bbl/mo) from these two wells are dedicated to "Oil and Gas Exploration and Development". Rock House Ranch indicated that they can supply water from these two wells at the rate of 2500 barrels of water per day and that they will bring this water to the flood.

Beach Exploration is requesting the use of these Capitan Basin fresh water wells as make-up water for the Eastland Queen Unit. The Queen floods that Beach has been involved with have had very good success with fresh water. Other water sources would be cost prohibitive and could also pose long-term risk to the success of the flood.

Attached is a water analysis from the subject well (CP-626). The analysis is very favorable from a chemical and solids standpoint. The water might require some treatment for bacteria. The compatibility of this water source with the Queen produced water is not included with this application but will be forwarded as soon as available. No compatibility problems are anticipated.

**Form C108 – Item VIII.**

The injection zone in the proposed unit is locally referred to as the Shattuck member of the Queen Formation. This is the uppermost sandstone member of the Queen Formation. The reservoir consists of very fine grained, well sorted, sub-angular, buff-gray quartz sandstone. The sandstone ranges from 46 to 78 feet in gross thickness in the proposed unit area, and ranges in depth from 2,196 feet to 2,470 feet depending upon regional dip and surface elevation.

The office of the State Engineer has confirmed that the Capitan Basin water sands exist at approximately 200 ft in the area of the flood and that there are no fresh water sands deeper. They have also confirmed that there are no fresh water wells within one mile of any of the proposed injection wells.

**Form C108 – Item IX.**

There is no stimulation program planned for this unit initially other than routine acid treatments for potential calcium carbonate scaling.

**Form C108 – Item X.**

All wells in the proposed flood are of public record and logs have been filed with the OCD.

**Form C108 – Item XI.** No fresh water wells exist within one mile of the proposed flood.

**Form C108 – Item XII.** Not applicable

**Form C108 – Item XIII.** “Proof of Notice” to be supplied later

Beach Exploration, Inc.  
Proposed Eastland Queen Unit  
Injection Well Data Sheet (wellbore schematics attached)  
Form C-108, Item III

<u>Operator</u>	<u>Lease &amp; Well #</u>	<u>Location</u>	<u>Sec.-Unit, Twp., Rge.</u>
<b><u>PHASE I</u></b>			
1. Re-enter P&A well	State B-7717 #4	1650' FSL 1650' FEL	1-J, 19S, 29E
2. Eastland Oil Company	State HL-1 #2	660' FNL 1980' FWL	1-C, 19S, 29E
3. Eastland Oil Company	P.J. State A #1	990' FNL 990' FWL	1-D, 19S, 29E
4. Eastland Oil Company	P.J. State A #7	330' FNL 990' FEL	1-A, 19S, 29E
5. Eastland Oil Company	P.J. State A #8	2310' FSL 990' FWL	1-L, 19S, 29E
6. Eastland Oil Company	P.J. State A #11	990' FSL 990' FWL	1-M, 19S, 29E
7. Eastland Oil Company	P.J. State A #18	1650' FSL 1650' FEL	2-J, 19S, 29E
8. Eastland Oil Company	P.J. State A #20	2310' FNL 330' FEL	2-H, 19S, 29E
9. Eastland Oil Company	P.J. State A #22	2310' FNL 330' FEL	1-H, 19S, 29E
10. Eastland Oil Company	P.J. State B #1	330' FNL 2310' FWL	11-C, 19S, 29E
11. Eastland Oil Company	P.J. State B #2	330' FNL 990' FEL	11-A, 19S, 29E
12. Myco Industries, Inc.	BBOC State #1	1980' FNL 1980' FEL	11-G, 19S, 29E
13. Myco Industries, Inc.	BBOC State #3	990' FNL 990' FWL	11-D, 19S, 29E
<b><u>PHASE II</u></b>			
14. Eastland Oil Company	State HL-1 #3	660' FNL 1980' FEL	1-B, 19S, 29E
15. Eastland Oil Company	P.J. State A #9	1470' FSL 2420' FWL	1-K, 19S, 29E
16. Eastland Oil Company	P.J. State A #12	1650' FNL 990' FEL	1-H, 19S, 29E
17. Eastland Oil Company	P.J. State A #17	660' FSL 1980' FEL	2-O, 19S, 29E
18. Eastland Oil Company	P.J. State A #21	2310' FNL 2310' FWL	1-F, 19S, 29E

**Beach Exploration  
Eastland Queen Unit  
Portions of Sec 1, 2 and 11, T-19-S R-29-E  
Eddy County, New Mexico**

**Installation Chronology**

<u>Start</u>	<u>Complete</u>	<u>Months</u>	
01/15/08	12/30/08	12.0	Triplex pump and building (ordered Jan 2008 took delivery 12/30/08)
08/13/08	09/12/08	1.0	Squeeze 7 Rvrs perms and plug back to Queen operations on 9 unit wells
09/16/08	11/17/08	2.0	Re-plug 3 wells (Elliot #1, State B7717 #1 and Leonard State #3)
09/18/08	11/12/08	1.0	Glassbore line (CLS Odessa) 26,500 ft of 2 3/8" 4.7# J55 tubing for injection wells
10/07/08	10/13/08	0.2	Break out 4 unit area tank batteries
10/09/08	12/01/08	1.0	Clear ROW, ditch, install, back-fill and test 29,000 ft of Centron fiberglass injection pipe
10/09/08	10/27/08	0.6	Construct unit central battery facility at EQU #1 loc (P. J. State A Btry loc)
10/28/08	11/10/08	0.5	Revamp approximately 66,000 ft and add 2,000 ft of poly flowlines
11/17/08	Pending	1.0	Re-enter P&A well and complete as an injection well (State B7717 #4) EQU #18
01/15/09	02/02/09	0.6	Plumb triplex to inj system, upgrade CVE electrical, line out pump controls & water supply
08/13/08	02/02/09	5.7	Actual installation work time

Note: Unit was scheduled to start installation in May 2008. Squeeze and plug back work was scheduled w/ Triple N. Triple N sold out to Basic and work was delayed until August. If installation had started in May 2008, the unit would have been ready in October 2008. The Triplex pump was promised for July 2008. The pump was not delivered until December 30, 2008.

Installation cost to date is between \$2,500,000 and \$2,600,000

Remaining work consists of bringing the Re-entry (EQU #18) to an injection status or plug.

**Individual Well Work Detail**

**Elliot # 1 - RE-PLUG**

API 30-015-04554

09/16/08 Removed dry hole marker - no surface plug present  
 09/17/08 RU rat hole machine. Drilled 20" hole to 40', ran 14" conductor pipe and cmt'd w/2.5 yds of ready mix  
 09/18/08 Welded wellhead on 14" conductor pipe.  
 10/10/08 Notified Mike Bratcher (NM OCD) would start plugging operations 10/14/08  
 10/16/08 RU. NU BOP and ran 9 7/8" bit. No surface cmt plug. Rotated down and tagged cutoff 8 5/8" csg at 244'  
 10/16/08 Got inside 8 5/8" csg w/ 7 7/8" bit. No cmt at base of 8 5/8" csg. Drld cmt 918' to 1156'  
 10/20/08 Came out of 8 5/8" csg and couldn't get back in. Milled 8 5/8" csg to 249' and cleaned w/tapered mill  
 10/22/08 Got back in 8 5/8" csg w/ 6 1/8" bit. Drld cmt from 1156' to 1219'. Cleaned out open hole to 2497'  
 Notified Mike Bratcher (NM OCD) would be setting plugs 10/23/08  
 10/23/08 Loaded hole w/9ppg salt gel  
 Pumped 50sx Class C cmt plug from 2428' and tagged at 2248' (180' open hole plug)  
 Pumped 50sx Class C cmt plug from 1767' and tagged at 1585' (182' open hole plug)  
 10/24/08 Pumped 50sx Class C cmt plug from 1283' and tagged at 1147' (137' open hole plug)  
 Pumped 150sx Class C cmt plug from 417' and tagged at 143' (274' - 8 5/8" shoe and stub plug combined)  
 Pumped 30sx Class C cmt plug from 60' to surf.  
 10/27/08 Notified Mike Bratcher (NM OCD) of all cmt plugs  
 Removed anchors. Cutoff wellhead. Set regulation dry hole maker

**State B7717 # 1 - RE-PLUG**

API 30-015-03544

09/16/09 Removed dry hole marker. Tied 8 5/8" csg back to surf. Installed wellhead.  
 10/27/08 Notified Mike Bratcher (NM OCD) would start plugging operations  
 RU. NU BOP and ran 6 1/4" bit. No surface cmt plug. Drilled cmt from 139' to 253' inside 7" csg  
 10/28/09 Drld cmt from 253' to 378'. Tagged next cmt plug at 882'. Started drilling metal to 914' inside 7" csg  
 10/31/08 Spent 3 days drilling and fishing 2 3/8" joint inside 7" csg (metal was a weight joint for nitro cutoff charge)  
 11/03/08 Drld cmt inside 7" csg w/6 1/4" bit to 1052', from 1570' to 1675' and from 2170' to 2280'. Tagged cmt plug at 2577'.  
 11/04/08 Loaded hole w/9ppg salt gel. Perf'd 7" csg at 2200' w/4 holes. Perfs would not take fluid. Press to 800 psi.  
 Permission from Mike Bratcher (OCD NM) to pump a 100' plug inside 7" csg. Pumped 25sx Class C plug at 2209'  
 11/05/08 Tagged plug at 2085' (124' cmt plug). Perf'd 7" csg at 1680' w/4 holes. Perfs would not take fluid. Press to 725 psi  
 Permission from Mike Bratcher (OCD NM) to pump a 25sx plug at 1680' inside 7" csg.  
 Pumped 25sx Class C cmt plug at 1693'. WOC. Tagged plug at 1549' (144' cmt plug)  
 Permission from Mike Bratcher (OCD NM) to not perf 7" csg at 1180'. Lost circ at 914' where old nitro tool was drld.  
 Spotted 85sx Class C cmt plug at 1075' and squeezed under a packer to 1,000 psi.  
 11/06/08 Tagged cmt plug at 615' (460' plug inside 7" and 109' of cmt behind pipe). Reloaded hole w/9ppg salt gel.  
 Pumped 45sx Class C cmt plug at 446' inside 7" csg. WOC. Tagged plug at 185' (261' cmt plug)  
 Pumped 15sx Class C cmt plug from 60' to surf.  
 11/07/08 Notified Mike Bratcher (NM OCD) of all cmt plugs Removed anchors. Cutoff wellhead. Set regulation dry hole make

EXHIBIT



**Leonard State # 3 - RE-PLUG**

API 30-015-03580

10/30/08 Removed dry hole marker - no surface plug present. RU rat hole machine. Drilled 20" hole to 40'.  
 10/31/08 Ran 40' of 14" conductor pipe and cmt'd w/3.5 yds of ready mix  
 11/03/08 Welded wellhead on 14" conductor pipe.  
 11/07/08 Notified Mike Bratcher (NM OCD) would start plugging operations  
 RU. NU BOP and ran 9 7/8" bit. No surface cmt plug. Rotated down and tagged cutoff 8 5/8" csg at 144'  
 11/10/08 Got back in 8 5/8" csg w/7 7/8" tapered mill. Tagged cmt at 420'. POOH. Dropped 6 1/4" bit and collars  
 11/11/08 Recovered fish. Drld hard cmt w/6 1/4" bit from 420' to 490'  
 11/12/08 Drld hard cmt from 2212' to 2280'. Tagged bottom cmt plug at 2450'. Phil Hawkins (OCD NM) on site.  
 11/13/08 Loaded hole w/9ppg salt gel. Pumped 50sx Class C cmt plug from 2308' and tagged at 2115' (193' open hole plug)  
 Pumped 50sx Class C cmt plug from 1757' and tagged at 1575' (182' open hole plug).  
 Pumped 50sx Class C cmt plug from 1312'. Tagged plug (next morning) at 1167' (145' open hole plug)  
 11/14/08 Pumped 50sx Class C cmt plug from 452'. Tagged at 330' (122' shoe plug)  
 Pumped 75sx Class C cmt plug from 192' and tagged at 90' (102' - 8 5/8" csg stub plug)  
 Pumped 45sx Class C cmt plug from 60' to surface.  
 11/17/08 Notified Mike Bratcher (NM OCD) of all cmt plugs. Removed anchors. Cutoff wellhead. Set regulation dry hole make

**EQU # 1 - INJECTOR - (P.J. State A #1)**

API 30-015-25655

**Work Required - EQU #1**

Well was originally a producer and will be converted to injection  
 The 7 Rivers perms 1760' - 1774' will be squeezed

**Work Completed - EQU #1**

08/20/08 Pulled and laid down rods, pump and 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2210'. Set 5 1/2" CIBP on WL at 2000'.  
 08/21/08 Tested CIBP to 1200 psi. Spotted 50sx Class C cmt at 1809'. Hesitation sqz'd 7 Rvrs perms (1760'-1774') to 650 psi  
 08/22/08 Drld sqz cmt w/4 3/4" bit from 1350' to 1866'. Pressure tested sqz to 500 psi.  
 08/25/08 Drld CIBP at 2000' and pushed it to 2410'. Laid down work string. SI well.  
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.  
 11/14/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 71 jts of Glassbore tbg. Pkr at 2250'. Queen perms (2306'-2341')  
 Flushed backside w/36 bbl pkr fluid, set pkr, loaded backside w/3 bbl of pkr fluid and pressure tested to 500 psi

**EQU # 2 - INJECTOR - (State "HL" 1 #2)**

API 30-015-24911

**Work Required - EQU #2**

Well was originally a producer and will be converted to injection  
 The 7 Rivers perms 1723' - 1806' will be squeezed  
 The CIBP at 2278' will be drilled out  
 A bridge plug will be placed at 2395' above the Middle Queen

**Work Completed - EQU #2**

08/13/08 Pulled and laid down rods, pump and 2 3/8" tbg. RIH w/work string and tagged PBTD at 2107'  
 08/14/08 Squeezed 7 Rvrs perms 1723' - 1806' with two 50sx Class C cmt stages from 1828' and 1744'.  
 08/15/08 Drld sqz cmt w/4 3/4" bit from 1690' to 1833'. Tested sqz to 470 psi.  
 08/18/08 Drld frac sand and cmt from 2107' down to CIBP at 2278'.  
 08/19/08 Drld CIBP at 2278' and pushed to 2795'. Set 5 1/2" CIBP on WL at 2400'. Dump bailed 11' cmt on top (PBTD 2389'  
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.  
 11/14/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 72 jts of Glassbore tbg. Pkr at 2283'. Queen perms (2328'-2370')  
 Flushed backside w/38 bbl pkr fluid, set pkr, loaded backside w/pkr fluid and pressure tested to 500 psi

**EQU # 3 - PRODUCER - (State "HL" 1 #3)**

API 30-015-24912

**Work Required - EQU #3**

Well was originally a producer and will be a Phase I producer  
 The 7 Rivers perms 1860' - 1881' will be squeezed  
 A bridge plug will be placed at 2500' above the Penrose

**Work Completed - EQU #3**

08/20/08 Pulled and laid down rods, pump and stood back 2 3/8" tbg.  
 08/21/08 Ran 4 3/4" bit & scraper to 2500'. Set CIBP on WL at 2100' and dump bailed 15' cmt on top. Tested CIBP to 1000 ps  
 Spotted 50sx Class C cmt at 1907'. Hesitation sqz'd 7 Rvrs perms (1860'-1881') to 690 psi.  
 08/26/08 Drld sqz cmt w/4 3/4" bit from 1456' to 1750'.  
 08/27/08 Finished drlg sqz cmt from 1750' to 1930'. Pressure tested sqz to 560 psi. Drld CIBP at 2100' and pushed it to 2500'  
 08/28/08 Verified w/WL other plug at 2506'. Set CIBP on WL at 2500'. Dump bailed 15' cmt on top. Tested CIBP to 1500 psi.  
 (PBTD 2485') Queen Perfs (2351'-2415') Ran 2 3/8" production tubing. Bottom of tbg at 2364'. SN at 2327'.  
 09/22/08 Ran rods and new pump and hung well on.

**EQU # 4 - INJECTOR - (P.J. State A #7)**

API 30-015-25794

09/08/09 Pulled and laid down rods and pump.  
 09/09/09 Hot watered w/35 BFW. Pulled 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2534'. Laid down tbg. SI well.  
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.  
 11/18/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 74 jts of Glassbore tbg. Pkr at 2362'. Queen perms (2398'-2418')  
 Flushed backside w/38 bbl pkr fluid, set pkr, loaded backside w/28 bbl of pkr fluid and pressure tested to 500 psi

**EQU # 5 - PRODUCER - (P.J. State A #3)**

API 30-015-25694

- 09/24/08 Pulled rods, pump and 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2452'. Queen perfs (2300'-2348')  
 09/25/08 Ran 2 3/8" production tubing. Bottom of tbg at 2389'. SN at 2355'. Ran rods and new pump and hung well on.

**EQU # 6 - PRODUCER - (P.J. State A #4)**

API 30-015-25737

- 09/25/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2493'. Queen perfs (2366'-2384')  
 Ran 2 3/8" production tubing. Bottom of tbg at 2429'. SN at 2393'.  
 09/26/08 Ran rods and new pump and hung well on.

**EQU # 7 - PRODUCER - (P.J. State A #12)**

API 30-015-25888

- 09/18/08 Pulled rods and pump.  
 09/19/08 Pulled 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2523'. Queen perfs (2400'-2428')  
 Ran 2 3/8" production tubing. Bottom of tbg at 2462'. SN at 2428'. Ran rods and new pump and hung well on.

**EQU # 8 - INJECTOR - (P.J. State A #20)**

API 30-015-26444

**Work Required - EQU #8**

Well was originally a producer and will be converted to injection  
 The 7 Rivers perfs 1626' - 1736' will be squeezed  
 The CIBP at 1800' will be drilled out

**Work Completed - EQU #8**

- 08/26/08 Pulled and laid down rods, pump and 2 3/8" tbg. 2770' of tbg. No CIBP's in well. Well is pumping from the Grayburg  
 Ran 4 3/4" bit & scraper to 2775'. Set 5 1/2" CIBP on WL at 1900'. Tested CIBP to 1200 psi  
 08/27/08 Spotted 25sx Class C cmt at 1766'. Hesitation sqz'd 7 Rvrs perfs (1626'-1736') but cmt started going away  
 08/28/08 Tagged sqz cmt at 1702'. Spotted 25sx Class C cmt at 1700'. Hesitation sqz'd 7 Rvrs perfs (1626'-1736') to 600 psi  
 09/03/08 Drld sqz cmt w/4 3/4" bit from 1485' to 1770'. Pressure tested sqz to 505 psi. Drld CIBP at 1900'.  
 Pushed CIBP to 2770' (CIBP's at 2350' and 2580' were not present)  
 09/04/08 Set CIBP on WL at 2380' and dump bailed 15' cmt on top (PBTD 2365'). Pressure tested CIBP to 1300 psi.  
 Laid down work string. SI well.  
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.  
 11/18/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 70 jts of Glassbore tbg. Pkr at 2221'. Queen perfs (2244'-2294')  
 Flushed backside w/38 bbl pkr fluid, set pkr, loaded backside w/24 bbl of pkr fluid and pressure tested to 500 psi

**EQU # 9 - PRODUCER - (P.J. State A #14)**

API 30-015-25932

- 09/23/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2428'. Queen perfs (2275'-2328')  
 Ran 2 3/8" production tubing. Bottom of tbg at 2397'. SN at 2363'. Ran rods and new pump and hung well on.

**EQU # 10 - PRODUCER - (P.J. State A #21)**

API 30-015-30846

- 09/26/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2386'. Queen perfs (2304'-2354')  
 Ran 2 3/8" production tubing. Bottom of tbg at 2362'. SN at 2359'. Ran rods and new pump and hung well on.

**EQU # 11 - INJECTOR - (P.J. State A #22)**

API 30-015-03542

**Work Required - EQU #11**

Well was originally a producer and will be converted to injection  
 The 7 Rivers perfs 2235' - 2264' will be squeezed

**Work Completed - EQU #22**

- 09/05/08 Pulled and laid down rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2456'. Set 4 1/2" CIBP on WL at 2364'.  
 Dump bailed 11' of cmt on top. Pressure tested CIBP to 1200 psi. Spotted 25sx Class C cmt at 2277'.  
 Had to shear pkr to get out of cmt. Could not perform hesitation sqz. Left cmt across 7 Rvrs perfs (2235'-2264')  
 09/09/08 Drld sqz cmt w/3 7/8" bit from 1940' to 2040'.  
 09/10/08 Drld sqz cmt from 2040' to 2275'. Pressure tested sqz to 535 psi. Drld CIBP at 2364' and pushed it to 2518'.  
 Laid down work string. SI well.  
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.  
 11/13/08 Ran 4 1/2" PC AD-1 Tension pkr, PC SN, and 75 jts of Glassbore tbg. Pkr at 2375'. Queen perfs (2414'-2452')  
 Flushed backside w/25 bbl pkr fluid, set pkr, loaded backside w/pkr fluid and pressure tested to 500 psi

**EQU # 12 - INJECTOR - (P.J. State A #8)**

API 30-015-25856

- 09/10/08 Pulled and laid down rods and pump. Pulled 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2400'. Laid down tbg. SI well.  
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.  
 11/17/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 71 jts of Glassbore tbg. Pkr at 2254'. Queen perfs (2272'-2311')  
 Flushed backside w/37 bbl pkr fluid, set pkr, loaded backside w/14 bbl of pkr fluid and pressure tested to 500 psi

**EQU # 13 - PRODUCER - (P.J. State A #6)**

API 30-015-25795

- 09/25/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2476'. Queen perfs (2358'-2374')  
 09/26/08 Ran 2 3/8" production tubing. Bottom of tbg at 2425'. SN at 2389'. Ran rods and new pump and hung well on.

**EQU # 14 - PRODUCER - (P.J. State A #5)**

API 30-015-25753

- 09/22/08 Pulled rods, pump and 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2396'. Queen perfs (2366'-2386') Dropped mud anchor  
 09/23/08 Recovered dropped mud anchor. Ran 2 3/8" production tubing. Bottom of tbg at 2384'. SN at 2348'.  
 Ran rods and new pump and hung well on.

**EQU # 15 - INJECTOR - (P.J. State A #18)**

API 30-015-26190

- 09/11/08 Pulled and laid down rods and pump. Pulled 2 3/8" tbg. Ran 3 3/4" bit & 4 1/2" scraper and hit obstruction at 195'.  
 09/12/08 Tried to swedge tight spots in csg. Would not swedge but would pass 2 3/8" tbg with no resistance.  
 09/15/08 Ran 3 7/8" string mill to work through tight spot at 195'. String mill wore out. Testing clearances.  
 09/16/08 3 20/32" will go in hole, 3 21/32" will not go. Concluded we have 4 1/2" hydril external upset 18.8#/ft csg (ID 3.64")  
 Fred Pool got heavy csg from South Texas and ran in this hole from 200' down to Queen.  
 Need to find an injection packer for 18.8# 4 1/2" csg. Ran 2 3/8" production tbg. Bottom of tbg at 2240'. SN at 2204'.  
 11/10/08 Pulled production tubing. Ran Watson 4 1/2" 16.6# shear type tension packer, set and tested twice. Pkr will work  
 11/11/08 Pulled tubing. Ran Watson 4 1/2" 16.6# coated tension packer, PC SN, and 70 jts Glassbore tubing. Pkr at 2243'  
 Queen perfs (2270'-2290') Flushed backside w/20 bbl pkr fluid, set pkr and loaded backside w/18 bbl pkr fluid.  
 Tested backside to 500 psi.

**EQU # 16 - PRODUCER - (P.J. State A #15)**

API 30-015-26052

- 09/17/08 Pulled rods, pump and 2 3/8" tbg.  
 09/18/08 Ran 3 7/8" bit & scraper to 2445'. Queen perfs (2275'-2294') Ran 2 3/8" production tubing.  
 Bottom of tbg at 2326'. SN at 2290'. Ran rods and new pump and hung well on.

**EQU # 17 - PRODUCER - (P.J. State A #9)**

API 30-015-10235-0001

- 09/23/08 Pulled rods and pump.  
 09/24/08 Pulled 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2390'. Queen perfs (2360'-2388') Ran 2 3/8" production tubing.  
 Bottom of tbg at 2364'. SN at 2359'. Ran rods and new pump and hung well on.

**EQU # 18 - RE-ENTER to complete as an injector (previously P&A'd State B-7717 #4)**

API 30-015-03541

- 09/16/08 Removed dry hole marker, tied 8 5/8" csg back to surf and welded on wellhead  
 11/17/08 RU. NU BOP and ran 7 7/8" bit. No surface cmt plug. Drilled cmt from 327' to 394'. Fluid started circ out of ground  
 11/18/08 Tested and found leaks in 8 5/8" casing above 262'. Attempted to squeeze leaks w/100sx Starlite 12.8 ppg cmt.  
 11/19/08 Drid sqz cmt from 210' to 257'. 8 5/8" csg still leaking. Discussed w/Mike Bratcher (OCD NM) decided to run 7" csg  
 11/20/08 Ran 7" FJ 23# J55 FL4S csg to 382'. Cmt'd w/50sx Class C cmt. Circulated 25sx to surface between 8 5/8" and 7".  
 Notified Mike Bratcher (OCD NM) of csg job results.  
 11/21/08 Drid out 7" float shoe w/6 1/8" bit and old cmt from 394' to 445'. Cleaned out hole to 1142'.  
 11/24/08 Finished cleaning out hole to cmt plug at 2530'. Drid cmt from 2530' to 2556' in preparation to run 4 1/2" csg.  
 11/25/08 Ran to bottom w/drill string to check for fill before logging. With bit on bottom at 2556', drill string parted at 1190'.  
 Fish is 6 1/8" bit, bit sub, x-over, 4 - 4 1/8" drill collars and 39 jts of 2 7/8" N80 6.5# blue band tubing. (fish 1367.47')  
 12/10/08 Well is SI waiting on evaluation of future operations.  
 Note Fished for 10 days, ran 3 different overshots / mills to cut / grab tubing, ran 6 1/4" bit to drill beside fish, and ran  
 a Weatherford hook wall grapple. We were not successful in cutting the fish. We were only able to get to 1400'  
 beside the fish. We were able to grab and lift the fish with the hook wall grapple but always slipped off because  
 the top of the fish is bent out into an enlarged hole from 1142' to 1200'. A Fish finder and a downhole video were  
 run to evaluate future operations. Cudd Coiled Tbg division has studied the well and has indicated that they may be  
 able to do an outside cut on the fish below the bent portion to facilitate removing the fish.

**EQU # 19 - PRODUCER - (P.J. State A #19)**

API 30-015-26312

**Work Required - EQU #19**

Well was originally a producer and will stay a Unit producer  
 The 7 Rivers perfs 1744' - 1764' will be squeezed

**Work Completed - EQU #19**

- 09/03/08 Pulled and laid down rods and pump and stood back 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2316'.  
 Set CIBP on WL at 1900' and dump bailed 11' cmt on top.  
 09/04/08 Tested CIBP to 1200 psi. Spotted 25sx Class C cmt at 1785'. Hesitation sqz'd 7 Rvrs perfs (1744'-1764') to 600 ps  
 09/11/08 Drid sqz cmt w/4 3/4" bit from 1597' to 1780'. Pressure tested sqz to 560 psi.  
 09/12/08 Drid CIBP at 1900' and pushed it to 2319'. Ran 2 3/8" production tubing. Bottom of tbg at 2288'. SN at 2252'.  
 09/18/08 Queen perfs (2200'-2255') Ran rods and new pump and hung well on.



**EQU # 20 - PRODUCER - (P.J. State A #17)**

API 30-015-26148

- 09/16/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2413'. Queen perfs (2257'-2278')  
 11/20/08 Ran 2 3/8" production tubing. Bottom of tbg at 2311'. SN at 2275'. Ran rods and new pump and hung well on.

**EQU # 21 - PRODUCER - (P.J. State A #16)**

API 30-015-26104

- 09/17/08 Pulled rods, pump and 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2538'. Queen perfs (2262'-2290')  
 Ran 2 3/8" production tubing. Bottom of tbg at 2383'. SN at 2348'. Ran rods and new pump and hung well on.

**EQU # 22 - INJECTOR - (P.J. State A #11)**

API 30-015-25887

- 09/10/08 Pulled and laid down rods and pump.  
 09/11/08 Pulled 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2466'. Laid down tbg. SI well.  
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.  
 11/17/08 Ran 4 1/2" PC AD-1 Tension pkr, PC SN, and 72 jts of Glassbore tbg. Pkr at 2287'. Queen perfs (2326'-2336')  
 Flushed backside w/27 bbl pkr fluid, set pkr, loaded backside w/pkr fluid and pressure tested to 500 psi

**EQU # 23 - INJECTOR - (BBOC State #3)**

API 30-015-26235

**Work Required - EQU #23**

- Well was originally a producer and will be converted to injection  
 Set a bridge plug at 2335' above the Middle Queen

**Work Completed - EQU #23**

- 08/29/08 Pulled and laid down rods, pump and 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2381'. Set 5 1/2" CIBP on WL at 2341'.  
 Dump bailed 15' of cmt on top. (PBTD 2326') Tested CIBP to 1200 psi.  
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.  
 11/12/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 68 jts of Glassbore tbg. Pkr at 2162'. Queen perfs (2216'-2237')  
 Flushed backside w/30 bbl pkr fluid, set pkr, loaded backside w/24 bbl of pkr fluid and pressure tested to 500 psi

**EQU # 24 - INJECTOR - (P.J. State B #1)**

API 30-015-26095

- 09/16/08 Pulled and laid down rods and pump. Pulled 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2436'. Laid down tbg. SI well.  
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.  
 11/20/08 Ran 4 1/2" PC AD-1 Tension pkr, PC SN, and 70 jts of Glassbore tbg. Pkr at 2208'. Queen perfs (2229'-2247')  
 Flushed backside w/28 bbl pkr fluid, set pkr, loaded backside w/12 bbl of pkr fluid and pressure tested to 500 psi

**EQU # 25 - PRODUCER - (BBOC State #2)**

API 30-015-26183

**Work Required - EQU #25**

- Well was originally a producer and will stay a Unit producer  
 The 7 Rivers perfs 1656' - 1688' will be squeezed  
 A bridge plug will be placed at 2310' above the Middle Queen

**Work Completed - EQU #25**

- 08/22/08 Pulled and laid down rods and pump and stood back 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2320'.  
 Set CIBP on WL at 1900' with 15' of cmt dump bailed on top.  
 08/25/08 Tested CIBP to 1200 psi. Spotted 25sx Class C cmt at 1722'. Hesitation sqz'd 7 Rvrs perfs (1656'-1688') to 1000 ps  
 08/29/08 Drld sqz cmt w/4 3/4" bit from 1507' to 1734'. Tested sqz to 520 psi. Drld CIBP at 1900' and pushed it to 2326'.  
 Tagged old plug w/WL at 2323'. Set CIBP on WL at 2310'.  
 09/02/08 Dump bailed 11' cmt on top of CIBP at 2310' (PBTD 2300'). Pressure tested CIBP to 1200 psi.  
 Queen perfs (2222'-2275'). Ran 2 3/8" production tubing. Bottom of tbg at 2264'. SN at 2260'.  
 09/18/08 Ran rods and new pump and hung well on.

**EQU # 26 - INJECTOR - (P.J. State B #2)**

API 30-015-26120

- 09/15/08 Pulled and laid down rods and pump. Pulled 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2464'. Laid down tbg. SI well.  
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.  
 11/19/08 Ran 4 1/2" PC AD-1 Tension pkr, PC SN, and 69 jts of Glassbore tbg. Pkr at 2229'. Queen perfs (2268'-2301')  
 Flushed backside w/28 bbl pkr fluid, set pkr, loaded backside w/17 bbl of pkr fluid and pressure tested to 500 psi

**EQU # 27 - PRODUCER - (BBOC State #4)**

API 30-015-26234

**Work Required - EQU #27**

- Well was originally a producer and will stay a Unit producer  
 The 7 Rivers perfs 1633' - 1684' will be squeezed

**Work Completed - EQU #27**

- 09/02/08 Pulled and laid down rods and pump and stood back 2 3/8" tbg. Tubing was shallow. Prob Halliburton RBP at 1800  
 Ran 4 3/4" bit & scraper and tagged at 1768'. Spotted 25sx Class C cmt at 1704'.  
 Tried to Hesitation sqz 7 Rvrs perfs (1633'-1684') but cmt went away.  
 09/03/08 Tagged sqz cmt at 1672'. Spotted 25sx Class C cmt at 1670'. 7 Rvrs perfs taking cmt. Left cmt across 7 Rvrs perfs  
 09/05/08 Drld sqz cmt w/4 3/4" bit from 1458' to 1710'. Pressure tested sqz to 560 psi. Retrieved Halliburton RBP at 1802'.  
 09/08/08 Ran 4 3/4" bit & scraper and 2 3 1/2" drill collars and cleaned well out to 2416'. Queen perfs (2238'-2272')  
 09/09/08 Ran 2 3/8" production tubing. Bottom of tbg at 2322'. SN at 2286'.  
 09/19/08 Ran rods and new pump and hung well on.

**EQU # 28 - PRODUCER - (P.J. State B #3)**

API 30-015-26186

- 09/19/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2336'. Queen perfs (2240'-2260')  
Ran 2 3/8" production tubing. Bottom of tbg at 2305'. SN at 2270'.  
09/22/08 Ran rods and new pump and hung well on.

**EQU # 29 - INJECTOR - (BBOC State #1)**

API 30-015-22957

- 09/11/08 Pulled and laid down rods and pump. Pulled 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2250'.  
09/12/08 Finished with bit and scraper to 2405'. Tested old CIBP at 2445' and sqz holes at 2410' below the Queen to 1000 ps  
Pulled up above the Queen and tested old sqz holes at 1780' to 500 psi. Laid down tbg. SI well.  
09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.  
11/13/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 70 jts of Glassbore tbg. Pkr at 2235'. Queen perfs (2261'-2314')  
Flushed backside w/38 bbl pkr fluid, set pkr, loaded backside w/32 bbl of pkr fluid and pressure tested to 550 psi

**EQU # 30 - PRODUCER - (P.J. State B #4)**

API 30-015-26193

- 09/22/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2358'. Queen perfs (2305'-2323')  
Ran 2 3/8" production tubing. Bottom of tbg at 2358'. SN at 2324'.  
09/23/08 Ran rods and new pump and hung well on.

**JAMES BRUCE**  
ATTORNEY AT LAW

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(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

*March-14*

February 27, 2009


CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application to reinstate a waterflood project, filed with the New Mexico Oil Conservation Division by Beach Exploration, Inc., regarding parts of Sections 1, 2, and 11, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than 15 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter later.

Very truly yours,

  
James Bruce

Attorney for Beach Exploration, Inc.

EXHIBIT 

EXHIBIT A

Operators of active wells within 1/2 mile of injectors:

MYCO Industries, Inc.  
PO Box 840  
Artesia, NM 88211

Snow Oil & Gas, Inc.  
PO Box 1277  
Andrews, TX 79714

Snow Operating Co., Inc.  
5719 Airport Frwy.  
Fort Worth, TX 76117

JKM Energy, LLC  
26 E. Compress Rd.  
Artesia, NM 88210

Chisos, Ltd.  
670 S.W. Dona Ana Rd.  
Deming, NM 88030

H. Dwayne & Rhonda K. Parish  
1306 S. Ninth Street  
Artesia, NM 88210

Jim Pierce  
Suite 859  
200 W. First Street  
Roswell, NM 88203

Lothian Oil Texas 1, Inc.  
Suite 300  
405 N. Marienfeld  
Midland, TX 79701

Edge Petroleum Operating Company, Inc.  
Suite 2000  
1301 Travis  
Houston, TX 77002

Chi Operating, Inc.  
PO Box 1799  
Midland, TX 79702

Mewbourne Oil Co.  
Suite 1020  
500 W. Texas  
Midland, TX 79701

Operators of leasehold within 1/2 mile of injectors

Morexco, Inc.  
PO Box 1591  
Roswell, NM 88202-1591

Dwight A. Tipton  
PO Box 1025  
Lovington, NM 88260

Chisos, Ltd.  
670 S.W. Dona Ana Rd.  
Deming, NM 88030

Surface owner

Oil, Gas & Mineral Division  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, New Mexico 87504

**Warnell, Terry G, EMNRD**

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**To:** jamesbruc@aol.com  
**Subject:** RE: WFX for Beach Exploration

Thank you

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**From:** jamesbruc@aol.com [mailto:jamesbruc@aol.com]  
**Sent:** Monday, March 09, 2009 2:30 PM  
**To:** Warnell, Terry G, EMNRD  
**Subject:** Re: WFX for Beach Exploration

It was run on 3/3 in the Carlsbad paper.

3-18 (1545)

-----Original Message-----

**From:** Warnell, Terry G, EMNRD <TerryG.Warnell@state.nm.us>  
**To:** jamesbruc@aol.com  
**Sent:** Mon, 9 Mar 2009 2:25 pm  
**Subject:** WFX for Beach Exploration

Hi Jim,

I've got The WFX for Beach you submitted  
Everything looks in order except for the notice  
Please confirm when and where the newspaper advertisement was run

Thanks,

Terry G. Warnell  
New Mexico Oil Conservation Division  
1220 South St. Francis  
Santa Fe, NM 87505  
505-476-3466

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

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